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NOMINATIONS FOR THE DEPARTMENT OF VETERANS AFFAIRS

HEARINGS

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

THE NOMINATIONS OF RAOUL L. CARROLL, TO BE GENERAL COUNSEL; ALLEN B. CLARK, JR., TO BE ASSISTANT SECRETARY FOR VETERANS LIAISON AND PROGRAM COORDINATION; S. ANTHONY McCANN, TO BE ASSISTANT SECRETARY FOR FINANCE AND PLANNING; EDWARD T. TIMPERLAKE, TO BE ASSISTANT SECRETARY FOR CONGRESSIONAL AND PUBLIC AFFAIRS; EDWARD G. LEWIS, TO BE ASSISTANT SECRETARY FOR INFORMATION RESOURCES MANAGEMENT; JO ANN KRUKAR WEBB, TO BE DIRECTOR OF THE NATIONAL CEMETERY SYSTEM; DAVID E. LEWIS, TO BE ASSISTANT SECRETARY FOR ACQUISITION AND FACILITIES; AND RONALD E. RAY, TO BE ASSISTANT SECRETARY FOR HUMAN RESOURCES AND ADMINISTRATION

SEPTEMBER 22, OCTOBER 4, AND NOVEMBER 9, 1989

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NOMINATIONS OF RAOUL L. CARROLL, ALLEN B. CLARK, JR., S. ANTHONY McCANN, AND EDWARD T. TIMPERLAKE TO THE DEPARTMENT OF VETERANS AFFAIRS

FRIDAY, SEPTEMBER 22, 1989

U.S. Senate,
Committee on Veterans' Affairs,
Washington, DC.

The committee met, pursuant to notice, at 9:40 a.m., in room SR-418, Russell Senate Office Building, Hon. Alan Cranston (chairman of the committee) presiding.

Present: Senator Cranston.

OPENING STATEMENT OF CHAIRMAN CRANSTON

Chairman **Cranston**. We will now move to this morning's hearing of the Senate Committee on Veterans' Affairs to consider nominations to four positions in the Department of Veterans Affairs, three Assistant Secretary positions and that of General Counsel.

I would like to introduce the nominees. First, Raoul L. Carroll, to be General Counsel. We welcome you.

Mr. **Carroll**. Thank you very much, Mr. Chairman.

Chairman **Cranston**. Allen B. Clark, to be Assistant Secretary for Veterans Liaison and Program Coordination. Welcome.

Mr. **Clark**. Thank you, Mr. Chairman.

Chairman **Cranston**. S. Anthony McCann to be Assistant Secretary for Finance and Planning. Welcome to you.

Mr. **McCann**. Thank you.

Chairman **Cranston**. And finally, Edward T. Timperlake, to be Assistant Secretary for Congressional and Public Affairs. Welcome.

Mr. **Timperlake**. Thank you very much, Mr. Chairman.

Chairman **Cranston**. On behalf of the committee, I extend a warm welcome to each of you, and congratulate you on your nominations. I am pleased to note that you are accompanied this morning by various family members. Raoul, we welcome your father, John T. Carroll; your sister, Vinell Carroll; and your sister-in-law, Vanessa Carroll.

Tony, we welcome your wife, Jo Ann and your daughter, Katie. Ed, we welcome your wife, Barbette; your daughter, Kimberly; your mother, Joan Marrow; your sister, Cindy Wright; and your brother, Lt. Comdr. Roger Timperlake. And Allen, we welcome your associate, Justin Dart, Jr., and congratulate him on his new position. We are delighted to have you all with us today.

I would like to summarize, briefly, the backgrounds and experience of each nominee.

Raoul Carroll graduated from St. John's University Law School and served in the Army as a trial attorney with the Assistant Staff Judge Advocate and an appellant defense attorney with the Army's Legal Service Agency. He was an Assistant U.S. Attorney for the Justice Department from 1979 to 1980, and an associate member of VA's Board of Veterans' Appeals from 1980 to 1981. Most recently Raoul has been a partner with two Washington, DC law firms. He is past president of the Black Assistant U.S. Attorneys Association, and is currently Chairman of the American Center for International Leadership and Director of the Washington, DC Local Development Corp.

Allen Clark is a West Point graduate and decorated Vietnam veteran. As a member of the Green Berets, Allen lost both legs in combat. He retired as a captain. He was awarded the Silver Star for gallantry in action, the Bronze Star, the Air Medal, the Purple Heart, two Vietnam Service Battle Stars, the Combat Infantryman's Badge, and Airborne Wings. Allen holds a master's degree in business administration and has held positions in banking and industry. From 1978 to 1981 he served as a special assistant to Texas Governor Bill Clements. He is a member of various veterans' service organizations and is active in various community and service groups.

Tony McCann served as Assistant Secretary for Management and Budget in the Department of Health and Human Services from 1986 until March of this year. Prior to that, he served for 5 years on the professional staff of the Senate Budget Committee and in county government in Syracuse, NY. Tony has also served in various academic positions both before and after his tenure at HHS. He was a member of the Federal Government's management council overseeing implementation of the FTS-2000 Federal Telecommunications Network, and was active in promoting employment of disabled persons when he served at HHS.

Ed Timperlake, a 1969 graduate of the U.S. Naval Academy, served as a fighter pilot in the Marine Corps and Marine Corps Reserves for 20 years, including service in Southeast Asia. In addition to holding management positions in several private sector firms and the executive branch, he served as Deputy Director, and then Director, of the Vietnam Veterans Leadership Program in the Action Agency. Ed is also a member of numerous veterans' organizations.

Each of the nominees has completed committee questionnaires and provided their written responses to the prehearing questions I submitted to them. In addition, I have received in connection with each nominee a letter from the Office of Government Ethics certifying that the nominee is in compliance with applicable laws and regulations governing conflicts of interest. All of this documentation will be made a part of the hearing record.

[The questionnaires, answers to prehearing questions, and letters from the Office of Government Ethics appear in the appendix.]

Chairman **Cranston**. Having reviewed the relevant FBI reports, I have found no bar to confirmation of any of the nominees and fully expect to support each.

I am pleased to note that today's hearing on these four nominations is part of the ongoing process to implement the landmark legislation enacted last year to establish the Department of Veterans Affairs. These are the first three Assistant Secretaries of Veterans Affairs and the first VA General Counsel nominations ever to come before the Senate. Thus, in addition to the personal importance of this hearing for each of the nominees, there is a symbolic and historic aspect to today's proceedings that should not be overlooked as we continue our efforts to make veterans programs as strong, effective, and responsive as we possibly can.

Senator Murkowski, our ranking minority member, is unable to be with us for this hearing. He has an opening statement that will appear in the record.

[The prepared statement of Senator Murkowski appears on p. 51.]

Chairman **Cranston**. Pursuant now to the rules of the committee, as recently amended, all nominees are being asked to testify under oath. So, would each of you please stand and raise your right hand.

Do you swear or affirm that the testimony you will give to this committee at this hearing today, and any written answers or statements you provide to this committee in connection with this hearing will be the truth, the whole truth, and nothing but the truth?

Mr. **Carroll**. I do.

Mr. **Clark**. I do.

Mr. **McCann**. I do.

Mr. **Timperlake**. I do.

Chairman **Cranston**. In connection with your testimony being under oath today we are asking now, as I advised you we would, that you submit to the committee, pursuant to the oath that you took, the responses to the prehearing questions that you submitted previously, and that you acknowledge that these written answers, as well as any you will provide in writing in specific follow up to this hearing, are submitted by you under oath.

Do you each agree that those responses are being, and will be, provided under oath.

Mr. **Carroll**. Yes.

Mr. **Clark**. Yes.

Mr. **McCann**. Yes.

Mr. **Timperlake**. Yes.

Chairman **Cranston**. Thank you very much.

So, if we may now hear briefly from each of you if you wish to make any remarks before I go to some questions. I will start with you, Raoul, if you have any opening remarks to make.

TESTIMONY OF RAOUL L. CARROLL, NOMINEE FOR GENERAL COUNSEL, DEPARTMENT OF VETERANS AFFAIRS

Mr. **Carroll**. Thank you very much, Mr. Chairman. I have submitted an opening statement for the record.

I would simply like to say at this time, however, that I am honored by my nomination. I look forward to working with this Nation's veterans, if confirmed.

And with that, Mr. Chairman, I will just be pleased to answer any questions you may have for me.

[The prepared statement of Mr. Carroll appears on p. 53.]

Chairman CRANSTON. Allen?

TESTIMONY OF ALLEN B. CLARK, JR., NOMINEE FOR ASSISTANT SECRETARY FOR VETERANS LIAISON AND PROGRAM COORDINATION, DEPARTMENT OF VETERANS AFFAIRS

Mr. CLARK. Yes, sir, Mr. Chairman. It is an honor to appear before you today. I believe that my experience, background, and desire to serve my country once again will enable me to fulfill the important duties and responsibilities hopefully entrusted to me.

I am eager to help my comrades who have given so much to ensure the freedoms we all enjoy.

Thank you, and I am ready for questions.

[The prepared statement of Mr. Clark appears on p. 73.]

Chairman CRANSTON. Thank you very much.

Tony?

TESTIMONY OF S. ANTHONY McCANN, NOMINEE FOR ASSISTANT SECRETARY FOR FINANCE AND PLANNING, DEPARTMENT OF VETERANS AFFAIRS

Mr. McCANN. Mr. Chairman, I, too, have an opening statement which I have submitted, and I would ask that it be printed in the record.

I would like to make just two quick points. Having been on the Hill for awhile, I certainly understand that part of my function, particularly because many of my areas are quite sensitive, is the need to work very closely with the members of the committee and the staff, and I fully intend to do so. I think it is my duty to carry out a strong advocacy role for veterans in the areas of my responsibility. Also my areas of responsibility touch on other agencies in the executive branch, which from time to time have different views. I also think it is absolutely essential that the budget, the financing, and the planning functions which I have some supervisory authority over, assist in carrying out the missions of the Veterans Health Services and Research Administration, Veterans Benefits Administration, and the National Cemetery System, as well as assure that our stewardship of Federal funds is as rigorously carried out as possible.

With those two opening comments, I look forward to answering any questions I can.

[The prepared statement of Mr. McCann appears on p. 106.]

Chairman CRANSTON. Thank you very much.

Ed?

TESTIMONY OF EDWARD T. TIMPERLAKE, NOMINEE FOR ASSISTANT SECRETARY FOR CONGRESSIONAL AND PUBLIC AFFAIRS, DEPARTMENT OF VETERANS AFFAIRS

Mr. TIMPERLAKE. Sir, I, too, have an opening statement I would like to enter in the record. And let me just state that it is an honor to be here with one of the leading veterans advocates in the country. Thank you very much, sir.

[The prepared statement of Mr. Timperlake appears on p. 137.]

Chairman **Cranston**. Thank you very much. I appreciate the brevity of those remarks. If you can be as concise in answering my questions, this hearing won't take too long. [Laughter.]

Raoul, let me start with you.

I would like to follow up to your response to my prehearing question 4 relating to the adequacy of funds for the Office of General Counsel in the coming fiscal year, in light of the advent of judicial review. In your answer, you noted that you would assume that the Office of General Counsel would take whatever steps were necessary to ensure that the General Counsel's judicial review responsibilities are met. Could you please elaborate on that answer, briefly, and specifically indicate what resources you intend, if confirmed, to dedicate to carrying out the office's judicial review responsibilities, and what steps you believe you could take if that planned level of resources should prove insufficient to carry out those responsibilities?

Mr. **Carroll**. Thank you, Mr. Chairman.

As I stated in my answer to the question, I believe for fiscal year 1990 that the resources are sufficient. However, it is my belief that though there have been many studies by many people to try to determine the level of activity before this new court, we are all just speculating and we really have no way of knowing for sure. But if the demand for resources exceeds what has already been budgeted to do the job, I will simply reallocate within the Office of the General Counsel those resources that are necessary to see to it that this function gets carried out as smoothly as possible. I consider it the priority function of the General Counsel.

Chairman **Cranston**. Good.

Since you are really not going to know for quite some time exactly what the work load will be for the new court, and hence for your office, and since you are now preparing for the fiscal year 1991 budget request, how will you handle your resource needs for fiscal year 1991?

Mr. **Carroll**. That is a good question, Mr. Chairman. It has been suggested to me, and I think it is a very good suggestion, that we simply note to OMB in preparing the 1991 budget that although we are submitting budgetary data which we believe will be sufficient for the judicial review function in 1991, we want to keep the door open to come back and revisit that issue because we have no way of knowing. Hopefully we will have some data at the conclusion of fiscal year 1990 which will allow us to project more accurately what the resource needs will be for fiscal year 1991.

Mr. **Steinberg**. Mr. Carroll, could you please advise the committee, assuming your confirmation, if and when Secretary Derwinski does make such a communication to OMB?

Mr. **Carroll**. I will do so.

Mr. **Steinberg**. Thank you.

Chairman **Cranston**. With further reference to judicial review, it has always been my view that in weighing various competing considerations on a legal issue involving the Government, the Government, in addition to its interests in protecting Government property, assets and prerogatives, has a positive interest both in being fair, and in appearing to be fair. Do you agree with that view?

Mr. CARROLL. Absolutely, Mr. Chairman.

Chairman CRANSTON. In light of that, could you please give the committee your views on what role you see the Office of General Counsel playing when a claim is appealed to the new Court of Veterans Appeals? Specifically, do you see your responsibility as General Counsel being simply to defend the decisions of the Board of Veterans' Appeals, or do you foresee your office acting as a screen or filter with respect to which cases should receive the court's full attention and which should be brought back to the BVA for further action?

Mr. CARROLL. Mr. Chairman, I believe the latter is probably a more accurate description of how I perceive my role. Obviously, we have an ethical and legal obligation to defend the Department in its views and policies. However, with respect to judicial review it would be my view that we want to remain consistent to the overall mandate of the Department of Veterans Affairs, and that is to be as fair to veterans as we can possibly be. In instances when it is apparent that we should refer matters back to BVA for reconsideration I would hope to be able to do that under all circumstances.

Chairman CRANSTON. Thank you very much. That's all the questions I have for you at this point.

Mr. CARROLL. Thank you, Mr Chairman.

Chairman CRANSTON. My next questions are for Allen Clark.

Allen, in question 9(b), you were asked whether and in what way you already have begun, prior to confirmation, representing the Secretary in liaison and program-coordination activities. An attachment to your responses indicates that the Assistant Secretary "coordinates advisory committee proceedings to eliminate duplication of appointments to committees and provides guidance and direction as needs dictate". I understand that you attended a June 26, 1989 meeting of the Veterans' Advisory Committee on Environmental Hazards convened to advise on the development of VA's policy on reviewing studies of the health effects of Agent Orange and that you actually participated in that meeting, giving the appearance of attempting to guide the committee's consideration of controversial scientific issues. Do you feel that such participation by an agency official in the deliberation of an advisory group that was set up to provide independent advice to the Secretary and Congress is appropriate, especially in a scientific area?

Mr. CLARK. No, sir.

Chairman CRANSTON. If confirmed, do you intend to participate actively in the deliberations and activities of advisory committees that you are responsible for monitoring?

Mr. CLARK. No. That was an opportunity that I felt that I needed to take because of a lot of questions about the process in that committee. I participated and it was inappropriate as it has turned out, because apparently someone took offense at that. The Secretary is very grateful for the support that all these people give of their time and energy in coming in to give us advice at the VA. In the future I will ensure that I will have no participation in any of those committees, unrelated to the Secretary asking me to participate, or being invited by them.

Chairman CRANSTON. Thank you very much.

In your response to question 8(a), you state that you were nominated by President Reagan as the Deputy Administrator of the VA in 1981. For the record, I would like to clarify that matter. Since the executive clerk in both the White House and the Senate have advised that neither has any record of such a nomination in 1981 or at any other time, is it possible that what you were referring to was an announcement of the President's intention to nominate you?

Mr. CLARK. I appreciate the clarification. I have been laboring under a misimpression for 8 years, and I thank you for that official clarification. [Laughter.]

Chairman CRANSTON. OK. Thanks.

In your response to my prehearing question 14(d) with regard to program evaluations, you say that you are reexamining the VA's program evaluation process and will put a new process in place within the next few months. Since program evaluations are required under section 219 of title 38, would you be willing to share that new process with the committee before you implement it?

Mr. CLARK. Of course.

Chairman CRANSTON. Fine.

On August 30, 1988, a survey of employees of VA Studies and Evaluation Service carried out by the Director of the former Office of Program Analysis and Evaluation, concluded that the congressional mandate in conducting section 219 studies was not being met by the service and that the management of that service had fostered and tolerated an atmosphere of divisiveness in the conduct of its work. Would you please review that survey and its findings and submit, in writing for the record, your views on the survey's findings and how you will avoid the problems that this study points up were experienced by the prior organizational structure?

Mr. CLARK. Yes, I will, Mr. Chairman.

[Subsequently, Mr. Clark furnished the information which appears on p. 104.]

Chairman CRANSTON. I appreciate that very much.

Now, turning to Tony. As you know, one of my concerns in elevating VA to Cabinet level status was to protect against politicizing the VA. I congratulate Secretary Derwinski and the President for choosing a candidate for the important position of Assistant Secretary for Finance and Planning who has such significant, similar experience in another very large Federal department. I have several questions for you.

In your written responses to prehearing question 1, you indicated that the responsibilities of the Assistant Secretary include "aggressive pursuit of internal control weaknesses and the consistent monitoring of programs to remedy such weaknesses." Can you explain the interaction between this or other functions of the Assistant Secretary for Finance and Planning, and the functions of the Office of the VA Inspector General?

Mr. MCCANN. I believe, Mr. Chairman, that the Inspector General, in some cases, identifies and tracks material weaknesses that he finds in various programs as he undertakes investigations. I believe it is also the responsibility of the Assistant Secretary, and in fact, any senior manager within the Department, to identify weaknesses, and begin to put them in a process which will ultimately result in their resolution.

Chairman CRANSTON. In your written answers, you stated that veterans should not have to bear the burden of any additional cost for VA health care or other services without careful study.

Mr. MCCANN. Yes.

Chairman CRANSTON. Is such a study currently underway or planned in VA?

Mr. MCCANN. I do not know of any study.

Chairman CRANSTON. Do you plan to initiate one if confirmed?

Mr. MCCANN. No, sir.

Chairman CRANSTON. Do you know of any plans to initiate such a study?

Mr. MCCANN. No, sir, I do not.

Chairman CRANSTON. In your written response to question 9, you stated that the GAO will be conducting a review of VA financial management systems at the Secretary's invitation. I was surprised by that response, because I thought the question about the basis for that GAO review had been clarified. Earlier this year, I saw a VA press release, headlined "VA Requests GAO Study of Key Management Activities." Because it was my understanding that this GAO study was part of an ongoing, Government-wide GAO effort initiated by GAO and because I was concerned that leaving this issue unclear could perhaps lead other departments and agencies to attempt to exert direction over GAO in its major management studies and could also lead to confusion during the VA study about GAO's responsibility for determining what to study and how to study it, I wrote the Comptroller General Charles Bowsher on May 31, 1989, asking for his clarification of this matter. On June 16, 1989, Mr. Bowsher confirmed that the GAO review in question "is part of our continuing self-initiated effort to identify and resolve longstanding management problems at selected Federal agencies." He also noted that, to date, "GAO has completed 11 of these reviews" and noted VA's strong support of GAO's effort. The committee staff will provide you with a copy of that letter from Mr. Bowsher. I hope I have clarified the situation again this morning, and that you will see to it that all VA officials understand that clarification.

Mr. MCCANN. Yes, and I apologize for any miscommunication on my part.

Chairman CRANSTON. Thank you very much.

Along those same lines, you probably know that GAO has just issued its biannual financial audit of VA's financial statements for fiscal years 1988 and 1987. This report points out several troubling items in the financial condition and accounting of several VA programs, notably the home loan program and the accounting records for VA-owned land and buildings. If confirmed, would you agree to provide the committee with a detailed response to the GAO audit by October 31, the end of next month?

Mr. MCCANN. Yes, sir.

Chairman CRANSTON. Thank you.

You stated in your written response to question 10 that adequate management of diverse and geographically distributed VA functions requires a broader range of work-load, performance, and other data. Please describe briefly what those other data are and how you plan to gather them.

Mr. McCann. I am not sure I can answer specifically now, Mr. Chairman, but I believe that, through the various operating systems of the Department, such as finance, payroll, and other operating systems in VHS&RA, and VBA, need to be able to accumulate data in the aggregate. We then need to set performance standards around those data, particularly relating to the quality of services provided to veterans. I would view it more in the sense of service data rather than financial or budget data.

Chairman Cranston. If you would give us a more detailed response to that for the record, I would appreciate it.

Mr. McCann. I would.

[Subsequently, Mr. McCann furnished the information which appears on p. 129.]

Chairman Cranston. You also stated that it is unnecessary to further centralize VA financial management systems, provided sufficient resources are available to monitor field offices. Does VA currently have sufficient resources to accomplish that function?

Mr. McCann. We are not doing enough monitoring of those functions now. I plan, in both fiscal year 1990 through reallocation of resources within the Assistant Secretary's office, and in fiscal year 1991 to request that those resources be made available.

Chairman Cranston. Does the fiscal year 1990 administration budget request or the House or Senate version of the VA appropriation bill provide sufficient resources for you to monitor field offices?

Mr. McCann. I believe the two appropriation bills as I understand them will provide sufficient resources.

Chairman Cranston. Your written response to question 10 refers to VA efforts to install off-the-shelf software that will integrate VA's more than 40 financial systems. What is the timetable for that project?

Mr. McCann. Can I provide that for the record, sir?

Chairman Cranston. Yes. Also, if confirmed, would you please keep the committee posted on that effort?

Mr. McCann. Certainly.

Chairman Cranston. Thank you.

Prehearing question 11 referred to the appropriate role of OMB in VA matters. You stated that OMB properly may impose broad management goals on Federal agencies and departments. Can you describe some VA functions to which you believe OMB should play little, if any, role?

Mr. McCann. I believe that the internal management of the department in which the President or the Office of the President has no direct interest should be by-and-large left to the operations of the Secretary. And I think that when outside agencies of any sort, not strictly limited to OMB, become involved it makes it far more difficult to manage the operation over time.

Chairman Cranston. Finally, I congratulate you for your efforts in supporting employment of disabled persons in HHS. I urge you on in fulfilling your pledge to us to continue your advocacy on behalf of disabled persons to connection with VA employment.

There is a lot to be done there, and whatever you can do will be great.

Mr. McCANN. Thank you, sir.

Chairman CRANSTON. Thank you a great deal.

Finally, turning to you, Ed. I am aware that the Office of Congressional and Intergovernmental Affairs is undergoing a reorganization. Would you comment briefly on the changes being undertaken, the progress of those changes and the objectives of the changes, and include the status of any personnel reassignments that are involved?

Mr. TIMPERLAKE. Yes, sir.

As a senior consultant working for the Secretary, I have advised on the Office of Congressional Affairs, which in the near term has been undergoing a reorganization. The authorized FTEE is now up to approximately 32, with approximately eight jobs posted currently in the VA internal family to bring on board experts in the area of health care, benefits, National Cemetery System, budget and some legislative tracking. The goal of the effort is to consolidate a very strong team under the Deputy Assistant Secretary, Al Poteet, such that we can be as responsive as possible to the needs of the Hill, both sides of the aisle in the House and Senate, and also furnish the Secretary with instantaneous, accurate information as to the progress of various bills as they proceed through the process.

Mr. STEINBERG. Ed, let me follow up on a couple of items in that regard. You mentioned 32 FTE. How does that compare to the FTE that existed on January 1?

Mr. TIMPERLAKE. I believe, and I would like to submit this for the record, sir, if I could—but I believe, if my recollection is correct, it goes from 20 up to 26 and then to 32, with our Hill staff counted.

Mr. STEINBERG. So if we started at 20, then we may be up 12 positions?

Mr. TIMPERLAKE. I believe, because of the internal structure of elevation to Cabinet status, looking at the intergovernmental portion of the office, counting FTE, you would probably still have 26 even if you took a snapshot in January. But for the actual congressional portion of it, it went 20, 26, 32, I believe. In those steps. I will correct that if it is wrong. But that is my understanding of it.

Mr. STEINBERG. Thank you, please do.

[Subsequently, Mr. Timperlake furnished the information which appears on p. 154.]

Mr. STEINBERG. With respect to the eight jobs that you indicated had been posted, these are jobs that are being advertised to be filled?

Mr. TIMPERLAKE. Yes, sir.

Mr. STEINBERG. And they are to have expertise with respect to the three operating departments and services of the Department, is that correct?

Mr. TIMPERLAKE. Yes, sir, for the most part that is exactly right.

Mr. STEINBERG. And these will not be filled by transfer of employees who currently have congressional functions within VHS & RA, or VBA, or the Cemetery System?

Mr. TIMPERLAKE. Sir, I have essentially put a Chinese wall, or recused myself, from the actual career civil service process of assessing a person's 171 that is submitted. There are over 100, I think, applicants right now for those jobs. So I honestly don't know if, for example, someone in the VA that is doing Congressional Affairs submitted his or her 171 to take that job. But if the thrust of your question is, are individuals who are sitting in Congressional Affairs seats being targeted to be pulled into the Office of Congressional Affairs, that idea was considered but rejected when the reorganization was put into effect.

Mr. **Steinberg**. So will there be a commensurate reduction of eight FTE in VHS & RA, VBA and the Cemetery System to counterbalance the eight additional FTE being added to the Office of Congressional Affairs?

Mr. **Timperlake**. It has yet to be determined, so I will have to answer that for the record. I don't know what VHS & RA is going to do if people compete out of their system to join the Office of Congressional Affairs. In other words, I don't know if they'll keep an FTE. If a person had a dual hat, for example, and they determined that that other function is important enough to keep a person employed full-time in VHS & RA, then we wouldn't be transferring—then I could not say that that FTE would be transferred into the Office of Congressional Affairs, because they would keep that person doing his secondary job and move it up to his or her primary job.

Mr. **Steinberg**. What I'm trying to determine is whether there is a functional plan to move functions that are presently being carried out, let's say in VHS & RA, to the Office of Congressional Affairs?

Mr. **Timperlake**. I'll have to answer that for the record, sir. There is the intention to leave in certain places a budget function and a legislative writing function, but as far as Congressional Affairs, the functions will transfer directly to the Office of Congressional Affairs.

Mr. **Steinberg**. That suggests that there will be a commensurate reduction in FTE in those three operating entities.

Mr. **Timperlake**. Yes, sir.

Mr. **Steinberg**. Well, we do need, then, a rather substantial written supplementation of your testimony. And if you would try to provide that to us as rapidly as possible, that would be very helpful.

Mr. **Timperlake**. Yes, sir.

[Subsequently, Mr. Timperlake furnished the information which appears on p. 154.]

Mr. **Steinberg**. Thank you, Mr. Chairman.

Chairman **Cranston**. Thank you.

At the conclusion of your answer to prehearing question 6, you stated that "it must be stated unequivocally that the goal of VA is to speak with one voice." An August 30, 1989, memorandum from the VA Deputy Secretary to VA staff states that "the augmentation of the Congressional Affairs staff is not intended to impede the flow of factual information when directly requested of program officials by Congressional staff." In view of that memo, I assume that the achievement of your goal for VA to speak with one voice will not necessitate limiting discussions with Congressional staff about various VA programs to just the staff of the Office of Congressional and Intergovernmental Affairs, am I correct?

Mr. TIMPERLAKE. Absolutely, sir.

Chairman CRANSTON. How, then, do you plan to accomplish the goal of VA speaking with one voice?

Mr. TIMPERLAKE. That's very tough, sir. In response to a kind letter that you had written when I believe staffers on both sides of the aisle in both houses started to hear that, gee, maybe we better check with Congressional Affairs before contacting other offices, a letter was written to clarify that and Deputy Secretary Principi did put out a message saying that the intention is that regarding any form of factual or, in fact, any information requested, is to be furnished accurately, and completely, and directly. That is one voice, sir, because that data is hopefully solid and sound, and is the exact same data that everybody in the VA would use. So I hope that you will be satisfied that one office isn't giving you data that's inconsistent with another.

Chairman CRANSTON. When will that letter be responded to that you just referred to?

Mr. TIMPERLAKE. I believe the memo has already been put out. As far as a direct answer to your letter, sir, I will get back to you on that.

Chairman CRANSTON. Fine.

We'll put that in the record at this point if you would furnish it to us.

Mr. TIMPERLAKE. Yes, sir.

[Subsequently, Mr. Timperlake furnished the information which appears on p. 156.]

Chairman CRANSTON. I was pleased to note that in response to my prehearing question 4, regarding whether you foresee any circumstances when information known by you would be withheld from Congress or the news media, if that information was specifically requested, you responded that you see no possible circumstances, other than those governed by executive branch regulations or Federal law, under which this could be justified. I wanted to underscore that response because I believe it's very important that accurate and timely information be available in order to ensure that our Nation's veterans receive the best of care and services. We appreciate the forthcoming nature of your commitment to that.

Mr. TIMPERLAKE. Yes, sir, absolutely.

Chairman CRANSTON. I'm sure that you'll all be relieved, as am I, to know that I have no further questions this morning. [Laughter.]

In closing, let me note that depending on the written responses to certain items requested today, we may be able to report some or all of the five nominations next week. The committee is next scheduled to meet a week from today at 10 a.m. to consider additional VA nominations, assuming all paper work and prehearing questions have been completed in time.

I thank all of the committee staff for their excellent work in preparing for this hearing, from the prehearing questions through today's hearings. I thank each of you who have been with us this morning, and all who have attended. We'll try to act expeditiously. Thank you very much. The hearing now stands adjourned.

[Whereupon, at 10:15 a.m., the committee was adjourned, to reconvene at 10 a.m. on Friday, September 29, 1989.]

NOMINATIONS OF EDWARD G. LEWIS AND JO ANN KRUKAR WEBB TO THE DEPARTMENT OF VETERANS AFFAIRS

WEDNESDAY, OCTOBER 4, 1989

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:30 a.m., in room SR-418, Russell Senate Office Building, Hon. Alan Cranston (chairman of the committee) presiding.

Present: Senators Cranston and Murkowski.

OPENING STATEMENT OF CHAIRMAN CRANSTON

Chairman CRANSTON. Good morning. This hearing will please come to order.

We welcome you to this hearing to consider the nominations of Edward G. Lewis and Jo Ann Krukar Webb to positions in the Department of Veterans Affairs, Mr. Lewis to be Assistant Secretary for Information Resources Management and Mrs. Webb to be Director of the National Cemetery System.

On behalf of the Veterans' Affairs Committee, I extend a warm welcome to both of you. I congratulate you on your nominations.

I am pleased to note that each of you is accompanied by your spouses whom I just met and said hello to. Ted, we welcome your wife Sally. Jo Ann, we welcome your husband James, the former Secretary of the Navy and House Veterans' Affairs Committee minority counsel. I know they are very proud of you today and always.

Ted Lewis is a former Marine Corps officer who retired with the rank of lieutenant colonel in 1988. After graduating from the U.S. Naval Academy in 1967, Mr. Lewis served as a company commander and staff officer in Vietnam, later as commanding officer and support operations officer in Japan.

During his career, he earned advanced degrees in mechanical engineering, business administration and government, and served in various positions at Marine Corps headquarters and the Department of Defense.

After retiring from the Marine Corps, Mr. Lewis served as Deputy Assistant to both the Secretary and Deputy Secretary of Defense in the White House Liaison Office of the Department of Defense. Since this past June, he has been a special assistant to the Secretary of Veterans Affairs.

Jo Ann Webb has a long record of military service as an officer in the U.S. Army, including a year as an operating room staff nurse in Vietnam in 1971 and 1972. She has served as a nurse at U.S. Army hospitals in Bremerhaven and Nuremberg, West Germany, and at Walter Reed Army Medical Center where she was the head nurse of the Ophthalmology Surgery Service.

More recently, Mrs. Webb has served in a number of capacities in both the public and private sectors including 3 years as an original member of the VA Women's Advisory Committee and 3 years as a consultant to ACTION, The National Domestic Volunteer Agency. For the last 6 months she has served as a special assistant to the Secretary of Veterans Affairs.

Both nominees have completed committee questionnaires and provided their written responses to the prehearing questions I submitted to them. In addition, I have received from the Office of Government Ethics letters certifying that each of the nominees is in compliance with applicable laws and regulations governing conflicts of interest. These and other pertinent documents will be made a part of the hearing record.

[The questionnaires, answers to prehearing questions, and letters from the Office of Government Ethics appear in the appendix.]

Chairman CRANSTON. In addition, I've reviewed the relevant FBI reports and found no bar to the confirmation of either nominee and fully expect to support each.

Pursuant to the rules of the committee as recently amended, all nominees are asked to testify under oath. So, would you please each stand and raise your right hand?

Do each of you swear or affirm that the testimony you will give to this committee at this hearing today and any written answers or statements you provide to this committee in connection with this hearing will be the truth, the whole truth, and nothing but the truth?

Mr. LEWIS. I do.

Mrs. WEBB. I do.

Chairman CRANSTON. Thank you very much.

If you would each wish to give brief remarks before we ask a few questions of you, we would be glad to hear from you at this time.

Ted, would you like to make a brief statement first?

TESTIMONY OF EDWARD G. LEWIS, NOMINEE FOR ASSISTANT SECRETARY FOR INFORMATION RESOURCES MANAGEMENT, DEPARTMENT OF VETERANS AFFAIRS

Mr. LEWIS. Thank you very much, Mr. Chairman. I appreciate the extraordinary honor and opportunity to appear before you and members of the committee as President Bush's designee to become the first Assistant Secretary for Information Resources Management in the new Department of Veterans Affairs.

I would like to express my deepest gratitude to President Bush, Secretary Derwinski, and Deputy Secretary Principi for having the confidence, trust, and faith in me to perform the functions of this office.

I also wish to acknowledge all the support and encouragement that my wonderful wife Sally, my son Eric, and my parents Florence and Gwyn Lewis have provided me over the years.

Finally, I wish to acknowledge my many coworkers, and in particular Gen. P.X. Kelley, who over the past year and a half stood by me as true friends.

Mr. Chairman, I served on active duty in the U.S. Marine Corps for over 20 years. During this time, I served in Vietnam leading Marines in combat.

It is with a deep sense of pride and honor that I welcome this opportunity to serve our veterans who have so honorably served and sacrificed for our country. I believe that my background and experience will enable me to carry out the responsibilities entrusted to me and to address the many challenges ahead with the new Department.

Mr. Chairman, I look forward to the opportunity to work very closely with you, the other members of the committee, and the committee staff in addressing these future challenges in order that we might better serve our Nation's veterans.

I would be very pleased to answer any questions that you and the other members of the committee may now have.

Chairman **Cranston**. Thank you very much.

Mrs. Webb, do you want to make a brief statement?

TESTIMONY OF JO ANN KRUKAR WEBB, NOMINEE FOR DIRECTOR OF THE NATIONAL CEMETERY SYSTEM, DEPARTMENT OF VETERANS AFFAIRS

Mrs. **Webb**. Yes, Mr. Chairman.

Mr. Chairman, it is an honor to present myself before you this morning for confirmation as Director of the National Cemetery System. I would like to acknowledge the presence of my husband and his support and also the many friends that I have within the VA system.

I have a prepared statement which I would like to submit for the record. With that, I'm prepared to take your questions.

Chairman **Cranston**. Your prepared statement will go in full in the record.

[The prepared statement of Mrs. Webb appears on p. 207.]

Chairman **Cranston**. We'll start with some questions for you.

For the past 6 months you have been working as a special assistant to the Secretary, and in that capacity you've had the opportunity to familiarize yourself with the programmatic direction of the National Cemetery System. Based on these observations, what changes or additions do you anticipate making, if confirmed, to the programs that are now in place?

Mrs. **Webb**. At the present time I have no plans to make any organizational changes within the system. However, I've had, as you mentioned, a unique opportunity over the past 6 months to familiarize myself with the policy issues and management questions of the National Cemetery System. I think the greatest challenge that I see to the system is to provide burial space for all eligible veterans, their dependents, and spouses.

Chairman **Cranston**. In response to prehearing question 2A, you mentioned that you were particularly pleased with the initiative undertaken by VA to provide weekend scheduling of interments at national cemeteries. What was your role in bringing about that new policy?

Mrs. **Webb**. My role in that was one of sensitivity to the issue. I had read a letter from a woman whose husband had died on December 31, New Year's Eve, and she had a very unfortunate experience with the National Cemetery System. She was unable to confirm a potential burial date for her husband and, consequently, had to assume at her own expense her husband's interment at a private cemetery.

Because of this letter and also the recent death of my own father, I was very concerned about the ability of the National Cemetery System to respond to the needs of veterans in situations like this. Through consultation with the staff and the support of Secretary Derwinski, the policy of weekend scheduling was developed and successfully implemented in all the cemeteries.

Chairman **Cranston**. I think it's great that you were that sensitive.

Mrs. **Webb**. Thank you, Mr. Chairman.

Chairman **Cranston**. Just one individual letter often can have great impact. That's happened with me on several issues that I've worked on in the Senate. I'm glad that you responded in that way to that letter.

As Director, you would be responsible for managing a program of over 1,200 full-time equivalent employees. Your prehearing response to question 2A touched on some of your past managerial experience. Would you please expand briefly on this response by addressing your supervisory and managerial work at both Walter Reed Medical Center and MEDOX, Inc?

Mrs. **Webb**. I think that I have a very broad and varied background from which to draw. I spent 5 years on active duty as an Army nurse. During the 18 months I spent at Walter Reed, I was the head nurse of the eye surgery service. And it was also during this time that Walter Reed was undergoing major changes. The surgical service doubled its capacity with the opening of the new hospital and I was able to play a role in the planning of the new hosptial operating room suite.

During my time there I was responsible for training, ordering supplies, and providing oversight to the numerous technicians who were assigned there. I was also very much involved in development of a patient teaching program.

During my time at MEDOX—this was when I was a graduate student back in the late seventies—I was the director of The Washington Office of MEDOX, a health services corporation which employed approximately 500 medical professionals as staff to hospitals throughout the city. MEDOX also provided staff to nursing homes and private home care patients.

I was also involved in the implementation of the CETA grant to train home health aides. This involved program development and budget formulation and also the development of a training manual from which to teach the course.

Chairman **Cranston**. Thank you very much.

During your 6 months as a special assistant to the Secretary, you have had the opportunity to observe the National Cemetery System's use of its fiscal year 1989 budget of $46 million. Based on your observations, do you believe that the National Cemetery System receives adequate funding to fulfill its mission and prepare for the increased demands that are expected to be placed on it?

Mrs. **Webb**. I think the National Cemetery System has a responsibility to provide burial benefits for every eligible veteran. I think with the aging veteran population, this is an issue that needs to be looked at quite seriously. By the end of this century, 50 percent of the cemeteries will be closed.

The National Cemetery System is a continually expanding system. Once a veteran is interred in the cemetery, they belong with the cemetery system and their care is ours for perpetuity.

Speaking specifically of resources, I think this is an area that should be looked at very, very seriously to make sure that the cemeteries are maintained with the dignity that has become the expectation of the American public.

Chairman **Cranston**. Yes, that's a very important part of it.

In your statement you express your belief that volunteers and volunteer activities could be incorporated into the National Cemetery System. I was pleased to note your continued commitment to fostering volunteerism, and I'd appreciate it if you could share with us a few thoughts of what you envision in order to foster volunteer programs or involvement.

Mrs. **Webb**. Voluntarism is something that I'm very interested in. It's something that I've worked in for the past 7 years both in a volunteer capacity and also as a paid consultant to ACTION.

With specific regard to the National Cemetery System, I would first like to query the major veterans' organizations and the auxiliaries to see what type of service they might be able to help us with in the National Cemetery System. I would also like to look at the corporate sector for possible help for example in developing a program for a locator system throughout the National Cemetery System. This is something that is needed and it's not in existence at the moment. It would be very helpful to visitors to locate graves on weekends.

I would also like to look at a program to interest the youth in the National Cemetery System by developing a data base on military history in which the cemetery could serve as a way of teaching our young people about the sacrifices that have been made over generations and keeping them in touch with pride and patriotism.

Chairman **Cranston**. I applaud your interest in that and urge you to do all you can. If there is any way we can help at any point, don't hesitate to let us know.

Yesterday the committee received from you information concerning the San Joaquin National Cemetery and Fort Sheridan which had been requested last week. I thank you for your prompt follow-up.

With regard to the San Joaquin National Cemetery, the white paper you furnished indicates that it will be expected to open in July of 1991; is that correct?

Mrs. **Webb**. Yes, sir.

Chairman **Cranston**. Thank you very much. I'll turn to Ted now.

In response to prehearing question 1 regarding the duties and responsibilities of the Assistant Secretary for Information Resources Management, you provided along with your answer a copy of the paper entitled, "Assistant Secretary's Function Statement." That statement provides that the IRM Assistant Secretary is responsible for policy level management relating to VA's information resources management program.

You suggest that, if confirmed, you would assume direct line responsibility for managing policy for all information resource systems on behalf of the Department. Could you please clarify for the committee how you interpret this Assistant Secretary responsibility for policy level management?

Mr. **Lewis**. Mr. Chairman, in terms of the function as it's laid out, I believe the responsibility is to interpret the laws that are applicable to information resources management for all departments and to work in conjunction with all the user organizations within the VA in terms of establishing the necessary policies that the VA must implement in order to provide an effective and efficient mechanism in terms of information resources management in order to insure that all the services that we're providing to our veterans are properly supported by this very key resource within the Department.

Chairman **Cranston**. Committee counsel would like to follow up on that.

Mr. **Steinberg**. Mr. Lewis, it appears to us that what you just described is really coordinating policy within the agency rather than managing policy within the agency. Would that be a correct statement?

Mr. **Lewis**. As I understand and read the responsibilities as outlined in the Paperwork Reduction Act for the designated senior official for information resources management and for the Chief Information Resources Officer as outlined in the new Department act, and the responsibilities outlined in OMB Circular A-130, I think, within the overall context of management, coordination is clearly a function that must be performed with all the interested parties. It is not an individual such as the Assistant Secretary in and of himself, managing the policies. It must be done in full concert and full coordination with all the agencies that utilize information resources management.

Mr. **Steinberg**. It certainly is correct that there are statutory responsibilities that are directly relevant and bestowed upon the office that you're nominated to hold. That certainly cannot be quarreled with, but if you look at the second paragraph in this statement that you provided with your written responses, it says, "Responsible for policy level management," and then it mentions other things; it ends by saying, "of all activities related to VA's information resources management program."

Wouldn't you agree that the reference to "all activities related to VA's information resources management program" following after "policy level management" is, indeed, an overreaching in that respect and is not exactly what you just described?

Mr. **Lewis**. I think that, because of the new Department and because of these new positions, in terms of implementing this particular function, it's going to require time in terms of working with the organizations and the people at VA, and carrying out the Secretary's guidance as one of his staff officers and that the notion of policy level management of all activities is important here because of the responsibilities outlined in law, that there's a certain focus within this particular office. Now, as you indicate on some of the other functions, oversight, coordination, development, and integration—what I think is most important is that, from the perspective of the Assistant Secretary, he has to be concerned with the issues that cut across the entire organization—not focusing on a given individual organization, in other words micromanaging a specific organization's responsibilities in terms of IRM; but looking at the entire IRM picture across VA, providing the necessary management of these activities so that there is proper integration, proper interoperability, increased level of communications, an increased level of coordination, so that we get a more effective and efficient IRM program within the entire VA.

Mr. **Steinberg**. Let us ask you if you would do this: if you would go back and discuss with the Secretary and the Deputy Secretary the concerns that Senator Cranston has expressed, and that we have just discussed, and give consideration to whether a clarification should be made in this statement, which, as I understand it, was there when you arrived at the agency.

Mr. **Lewis**. That's correct.

Mr. **Steinberg**. This statement was a result of the task force that I believe completed its actions in approximately April?

Mr. **Lewis**. That's correct.

Mr. **Steinberg**. In that consideration, we would appreciate it if you would then respond to us as to exactly what activities the words "policy-level management" comprehend that are not comprehended in the words "oversight, coordination, development, and integration."

I think it would be helpful—and you understand the reasons why we're pursuing this—I think it would be helpful, if there are such other specific activities, if they were written into this statement directly and expressly rather than needing to be comprehended within this more general phrase which some people might misinterpret.

Specifically, for example, in a quick perusal of the statement, I'm not sure I see specific references to some of the statutory functions that you made reference to at the outset of your response. I would think it would be most appropriate and, indeed, important if those were added specifically to the statement.

If you would consider that possibility and discuss this with the Secretary and Deputy Secretary and then return to us with a written amplification of this, we would greatly appreciate it.

I realize that you've been asked a number of things and we'll provide you with a transcript of what we've just discussed so you'll have an opportunity to respond very directly to the concerns expressed.

Mr. **Lewis**. I'll be very happy to do that.

[Subsequently, Mr. Lewis furnished the following information:]

I have discussed with the Secretary and Deputy Secretary of Veterans Affairs the Function Statement for the Assistant Secretary for Information Resources Management, specifically with reference to the function of responsibility for policy-level management, oversight, coordination, development and intergration of all activities related to VA's Information Resources Management Program and with respect to existing statutory functions for the Assistant Secretary for Information Resources Management. The Paperwork Reduction Act, as amended, 1986, defines "information resources management" as the planning, budgeting, organizing, directing, training, promoting, controlling, and management activities associated with the burden, collection, creation, use, and dissemination of information by agencies, and includes the management of information and related sources such as automatic data processing equipment as defined in section 111(a) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759(a)). Therefore, "policy-level management . . . . all activities . . . ." refers specifically to the functions of setting policy and taking steps to ensure that implementation of such policy relative to those elements previously defined as part of information resources management.

Since one of the function contained in the Function Statement for the Assistant Secretary for Information Resources Management includes overseeing the implementation of the Paperwork Reduction Act, which already addresses specific management functions and responsibilities for the designated senior IRM official, at this time, the Secretary does not desire to revise the Function Statement. The Secretary strongly believes, as I do, that Executive Branch managers should be provided with maximum flexibility in the areas of program planning, administration, and management to ensure, in VA's case, the quality and timeliness of services provided to our veterans.

Mr. STEINBERG. Thank you very much.

Mr. Chairman, that's all I have at this point. Thank you.

Chairman CRANSTON. In response to prehearing question 2, you noted that you have had initial discussions with various VA medical center personnel addressing in part the degree of user satisfaction associated with the decentralized hospital computer program known as DHCP. These discussions, according to your response, have indicated that these field personnel "are generally happy with the DHCP concept, and those in the hospitals actually using the system appear to be pleased with the current on-line capabilities of the system, particularly in comparison to previous capabilities."

The criticism you noted centered primarily around implementation and procedural issues. Would you agree that user satisfaction must be accorded great weight in assessing any proposed organizational changes in connection with this system?

Mr. LEWIS. I agree that, since the development of the DHCP emphasized the individual creativity at the lowest level of VHS&RA in the hospitals, it's absolutely essential that input be provided by the users in terms of that type of program.

Chairman CRANSTON. Well, you do agree that user satisfaction has to be taken into strict account in trying to work this out?

Mr. LEWIS. Yes, I do.

Chairman CRANSTON. In response to prehearing question 3, you indicated that you have not engaged in discussions with the Chief Medical Director, the Chief Benefits Director, or the Acting Director of the National Cemetery System, and the nominee to succeed him regarding their preferences as to the organizational location of their information resources management functions. You explained that no such discussion had been undertaken due to the fact that "No formal proposals exist to change the organizational location of IRM functions in VHS&RA, VBA, and NCS."

On the other hand, in your response to prehearing question 4 regarding your proposed changes in departmental organization structure for IRM, you make reference to discussions you have had with the Secretary and Deputy Secretary of Veterans Affairs on the subject of your views as to what the future overall role and responsibilities of the Assistant Secretary for IRM ought to be.

Your remarks appear to suggest that such discussion may have contemplated at least conceptually a realignment of the organizational structure for IRM programs external to the approved concept of the Office of the Assistant Secretary for IRM, but that the Secretary didn't approve any such external reorganization.

Are you aware of the existence of any informal proposals that have been in the last 4 months or are currently under consideration to make such external changes to the organizational location of IRM functions inside the Department?

Mr. LEWIS. Currently there are no proposals that are being contemplated for organizational changes. In the past, as indicated in my response to question No. 4, I was asked by the Secretary and Deputy Secretary for my personal views on the organizational and management philosophies in terms of the entire IRM organization and functions within VA.

I explored with the Secretary and Deputy Secretary the entire spectrum ranging from total decentralization of the entire IRM to the other extreme of centralization. I also explored the issues of regionalization, and the pros and cons of each organization's management concept without doing a detailed study, but looking at it from just the general information that we had.

As I also indicated in the answer to No. 4, at this time, the Secretary and Deputy Secretary have decided that they are not going to pursue any realignment organizationally of the IRM functions other than what the Secretary has approved for the internal organization of the Office of the Assistant Secretary for Information Resources Management.

Chairman CRANSTON. Do you accept that decision or is that something you may still want to be considering?

Mr. LEWIS. At this point in time I certainly accept that decision. I think it's certainly appropriate that, over the year or years to follow, as the organization continues to mature as a new department, all issues should be open; and we should address them with the flexibility within management, regardless of what the issue is.

Chairman CRANSTON. Would you agree, if confirmed, to give our committee and the House committee substantial notice in the event that the Department initiates the development of any formal proposal to change the organizational location of IRM?

Mr. LEWIS. I'll be more than happy to work with the committee, the committee staff if we do generate any formal proposals for any organizational alignments, or realignments in terms of IRM.

Chairman CRANSTON. And give us substantial advance notice so we can be involved.

Mr. LEWIS. Absolutely. We'll do that.

Chairman CRANSTON. The organizational table you submitted outlining the proposed organization of IRM indicates the use of so-called senior program managers to help in carrying out the function in the operating units of the Department. The word "managers" in the title would seem to suggest that such officials would have a role in managing each unit's IRM responsibilities.

Am I correct that no such role is envisioned for such officials?

Mr. **Lewis**. These officials will have no management role in terms of the functions within the user organizations. It is envisioned at this point in time that they will be facilitators, ombudsmen——

Chairman **Cranston**. Wouldn't it be a good idea to change the title to use the word "facilitator" instead of manager since manager does seem to give an impression that's not accurate?

Mr. **Lewis**. I'll be more than happy to look at that issue for you, sir.

Chairman **Cranston**. If you'd report back to us on that, please.

[Subsequently, Mr. Lewis furnished the following information:]

The terms, Program Management Office and Senior Program Managers, in the proposed organization for the Office of the Assistant Secretary for Information Resources Management have been changed to Program Coordination Staff and Senior Program Coordinates.

Chairman **Cranston**. Prehearing question 9 deals with the Computer Security Act of 1987. In response to this question you state that you, "are not aware of any formal analysis by VA comparing a preventive approach to the ADP security versus a reactive approach to ADP security breaches with respect to the health-care system or other information system in the VA." If confirmed, do you plan to conduct such an analysis?

Mr. **Lewis**. As I indicated also in the response to question 9 the importance that I attach to security issues; involving all IRM issues and within the resources available, I intend to pursue, in terms of evaluating the status of security, what additional steps that have not been taken and need to be taken. In terms of this type of specific analysis, if we're able to do that within the resources that we have, we will attempt to do that.

Chairman **Cranston**. Do you have any timetable yet for doing such an analysis?

Mr. **Lewis**. No, I don't, sir.

Chairman **Cranston**. When you get to it, if you'd share the results with the committee, we'd appreciate it.

[Subsequently, Mr. Lewis furnished the following information:]

Within 1 month after my confirmation, I will initiate in coordination with all user organizations and within available resources a 6-month comprehensive security assessment of the VA's ADP/telecommunications security within the VA, actions required to improve security, and the costs and benefits associated with both a preventive and a reactive approach to ADP/telecommunications security. Upon completion of this assessment, I will share the results with the Committee on Veterans' Affairs.

Chairman **Cranston**. Further on this issue you state that you do not know the exact costs and benefits of implementing the complete ADP security program within the VHS&RA in compliance with the Computer Security Act of 1987, although you understand that VHS&RA has attempted to address the issue. When do you plan to have such an estimate?

Mr. **Lewis**. I do not have a specific timeframe; but it would seem to me that, in working closely with the VHS&RA people certainly over the next year, we should be able to address that. At that point in time I'll be more than happy to provide you my views and the information.

Chairman CRANSTON. Isn't it important that you do have a plan so that you can comply with the law that was enacted in 1987?

Mr. LEWIS. I'm sorry, I missed that.

Chairman CRANSTON. Isn't it important that you do develop a plan to comply with the law?

Mr. LEWIS. Absolutely, sir. As I understand the Computer Security Act of 1987, regarding the requirement for plans, and also in reading that recent NIST report, regarding the review of the security plans, there has been work done within the agency in terms of developing these types of plans. Based on what I have seen from that NIST report and a recent IG report in the VA, there has been considerable work. However, I believe there is certainly lots of room for continued improvement in this area, and we'll be looking at that in the future.

Chairman CRANSTON. I'd like to ask that you share that plan with us as you develop it.

Mr. LEWIS. As we develop it, sir?

Chairman CRANSTON. Yes.

[Subsequently, Mr. Lewis furnished the following information:]

After completion of the 6-month overall assessment of the VA's ADP and telecommunications systems, including systems within VHS&RA, the results of this assessment will be shared with the Committee on Veterans' Affairs. This assessment will include actions necessary to improve ADP and telecommunications systems within the VA, including improvements to existing VA ADP/telecommunications security plans.

Chairman CRANSTON. And if after you've thought about it, you can give us some indication in writing as to when you will start working on that and what your timetable would be. I believe that it's important that you give ADP security issues a major emphasis in your role as facilitator of Department policy in this regard.

When can you share with the committee your plans for improved ADP security?

Mr. LEWIS. I would hope that, once we are able to implement our approved realignment within the Office of the Assistant Secretary for Information Resources Management, we can focus more attention on this particular subject during the next year.

In terms of specific timeframe, I do not have that for you at this time.

Chairman CRANSTON. Would it be reasonable to expect a report by, say, February 1 or something like that?

Mr. LEWIS. I would not like at this point in time to commit to a specific date, Senator, but I'll be more than happy again to work very closely with your staff in terms of looking at what point in time in the future we will be able to provide that.

Chairman CRANSTON. Give us a written response after you've thought about it as to when you can do it.

Mr. LEWIS. I will.

[Subsequently, Mr. Lewis furnished the following information:]

Within 1 month after my confirmation, I will initiate a 6-month comprehensive security assessment of the VA's ADP and telecommunications systems. Upon completion of this assessment, I will share with the Committee on Veterans' Affairs my plans for improved ADP and telecommunications security within the VA.

Chairman CRANSTON. Was there a proposal under consideration recently that would result in the transfer of a large number of employees of the Austin, TX, DPC system division to Washington or elsewhere?

Mr. LEWIS. In terms of the initial examination and review of an organizational structure for the Office of the Assistant Secretary for Information Resources Management, the working group that was tasked to look at this and to come up with a proposal addressed some of the functions that are being performed currently in Austin.

Within their proposal, in terms of applications development and systems development, they recommended that those particular functions come under the managerial control of an office within the central headquarters. However, they also recognized the fact that those people performing those functions would not physically relocate.

They proposed that the functions would continue to be performed at the Austin DPC Center. However, the individuals responsible for those functions would report, instead of to the Austin DPC Director, to an office director at the central headquarters.

Chairman CRANSTON. What's the exact status of that proposal now?

Mr. LEWIS. That proposal—in terms of the specific issue, Senator?

Chairman CRANSTON. The transfer.

Mr. LEWIS. There is no transfer of personnel contemplated from Austin in terms of the concept that the Secretary approved for the realignment of the Office of the Assistant Secretary for Information Resources Management.

Chairman CRANSTON. Thank you very much.

Frank, do you have a statement?

OPENING STATEMENT OF SENATOR MURKOWSKI

Senator MURKOWSKI. Yes, Mr. Chairman, I have a statement, but I won't read it. I'll just enter it in the record.

[The prepared statement of Senator Murkowski appears on p. 157.]

Senator MURKOWSKI. I want to join the chairman in welcoming two very qualified people. I think the President has shown his wisdom and good judgment in the contribution that you both will make.

As far as qualifications are concerned, I'm informed that you, Mr. Lewis, are a graduate of the Naval Academy and that automatically gives you the qualification. I asked my friend on my right whom I won't identify, who happens to be a graduate of that Academy, how that fared with Mrs. Webb, and he promptly responded by saying, "Well, she qualifies because her husband is a graduate of the Academy now." I don't think we have to dwell on that, but I think it speaks well of not only the Academy, but of you, Mrs. Webb, as you contemplate not only the decision you made some time ago to marry an Academy graduate, but, nevertheless, maintain your own professional capabilities and your commitment to contribute to what I think is a very, very important aspect of our country's obligation to our veterans, and that's the national cemeteries.

I understand there are some 113 cemeteries, and your recognition of and your comments concerning the reality that veterans are aging, and that there's going to be more and more pressure on the system regarding having adequate space, is certainly something well within your means and capabilities to handle as the Director. I think your commitment to make burials on weekends more accesible and your other suggestions are certainly commendable. I also commend you for coming into the position with an objectivity that oftentimes is lacking in the bureaucracy. That's why I think it's appropriate that the Administration, and particularly the President, appoint people even in the area of our diplomatic service who aren't necessarily career, but bring in a balance. We look forward to your contribution in that regard.

We have two cemeteries in Alaska that we hope that you'll have an opportunity to visit. One is in Sitka that we're very proud of. It goes back to the purchase of Alaska from Russia a long time ago.

Second, Mr. Lewis, I'm amazed at the research that you've already done, the detail in which you've responded to questions even prior to confirmation. Many witnesses would simply save that for a "response when I'm confirmed and in a position to accept the responsibility associated with a detailed answer." Obviously, you've done your homework.

I think, too, your particular responsibility, I gather the title is Information Resource Management, is something that I've always felt needed a clear and concise evaluation within the agency, because many things that come before this oversight committee reflect on inadequate information.

The physician certification issue that the chairman and I were very concerned about, the adequacy of reporting, the antiquated systems that can be updated through technology, and other computer capabilities questions clearly need to be readied with dispatch within the VA, and for reasons unknown to me haven't been. I'm sure that there can be substantial cost savings associated with bringing that in, and I would encourage that a central information capability, transfer of information, security of that information be instituted. Again, many of the oversight observations we have are far from reality, but, nevertheless, you're going to be down in the system. We expect, from the standpoint of your background and expertise, a significant contribution in that regard.

It sounds to me like your particular title is kind of like a funnel. You're going to get thrown all the problems that aren't specifically delegated to another person. So I'm sure you'll have your hands full.

I look forward to supporting your confirmation, and I'm sure that your nomination will go through with dispatch. I have no specific questions.

I do have a statement that I would ask be entered in the record from Senator Thurmond who cannot be here this morning, but is here in spirit.

Chairman **Cranston**. That will go in the record.

[The prepared statement of Senator Thurmond appears on p. 158.]

Senator MURKOWSKI. I wish both of you well.

Mr. LEWIS. Thank you, Senator.

Mrs. WEBB. Thank you, Senator.

Chairman CRANSTON. In response to prehearing question 8 regarding the April 1988 study conducted by Price Waterhouse entitled, "Cost-Benefit Analysis of the Enhanced Decentralized Computer Program," you state that you have yet to review Price Waterhouse's analysis and, therefore, have no views on their findings.

In terms of cost-benefit analysis in general, you state that, "The analysis, if balanced and complete, would address personnel savings and new opportunities." Would you agree that, if confirmed, your office's analysis of DHCP in the future would, in fact, be balanced in the way you described?

Mr. LEWIS. Yes, sir.

Chairman CRANSTON. I'd assume you'd do your best to see to it that it would be a balanced report in the future?

Mr. LEWIS. Yes, sir. In terms of what I'm referencing here, in any report or analysis that we do, particularly on cost, and personnel savings, as I indicated, it should be balanced and complete to address all the issues, not just the narrow focus of a particular study.

Chairman CRANSTON. I want to express one bit of disappointment in finding that your four months at VA haven't afforded you sufficient time to develop your views or examine in detail a variety of issues with respect to which you would have very important departmental responsibilities if confirmed. I'm referring specifically to the following: the views of the relevant Department chiefs regarding the organizational location of the Information Resources Management function in VHS&RA, VBA, and the National Cemetery System, the costs and benefits associated with implementing a complete ADP security program in compliance with the Computer Security Act of 1987, the role and functions of VA's ISCs and the present and future FTEE requirements associated with them, the costs and benefits associated with the nationwide implementation of AMIE, and the Department's timetable in connection with such implementation, the adequacy of the President's fiscal year 1990 request of $25 million for ADP modernization in terms of VBA's ability to carry out its current plans, and the April 1988 Price Waterhouse cost-benefit analysis of the enhanced decentralized computer program.

I recognize that prior to achieving Senate confirmation a nominee is not permitted to begin to carry out his or her prospective responsibilities. On the other hand, no such constraint exists with respect to a nominee's ability to examine and develop a personal position on the various elements, programs, and functions that comprise those responsibilities.

So I would like to see you achieve a greater familiarity with those aspects of the Assistant Secretary position and then share your views on them with the committee before I think we'd feel comfortable about moving forward with your nomination. So if you can handle that in writing to us, it would be helpful.

[Subsequently, Mr. Lewis furnished the information which appears on p. 195.]

Chairman **Cranston**. I also note that I have further written questions that I am submitting to you today, and I may find it necessary to submit additional written questions after receiving your final responses on the issues that I have raised at this morning's hearing. I know we can count on your cooperation in getting those responses in soon so we can move ahead on your nomination.

Mr. **Lewis**. Yes, Mr. Chairman.

[Subsequently, Mr. Lewis furnished the information which appears on p. 200.]

Chairman **Cranston**. Let me say to both of you, in connection with your testimony being under oath today, we are asking now, as I advised you we would, that you now submit to the committee, pursuant to the oath that you took earlier, the responses to the prehearing questions that you submitted previously and that you now acknowledge that these written answers as well as any you will provide in writing as a specific followup to this hearing that are submitted to you under oath—do you both agree that these responses are being provided and will be provided under oath?

Mr. **Lewis**. I agree.

Mrs. **Webb**. I agree.

Chairman **Cranston**. Thank you very much.

Let me finally say re: our future plans, we plan to schedule a meeting of the committee tomorrow afternoon in the Senate reception room in the Capitol right after whatever roll call occurs around then, in the vicinity of 4 p.m. tomorrow to consider those of the six pending nominations at which hearings have been held and on which all committee action has been completed. I hope that we will be prepared to take up five nominations at that time.

That completes our business for today. I thank you both for your appearance. I thank all for your attendance. Thank you very much.

We stand adjourned.

[Whereupon, at 11:17 a.m., the committee recessed, to be reconvened at the call of the Chair.]

NOMINATIONS OF DAVID E. LEWIS, RONALD E. RAY, AND EDWARD G. LEWIS TO THE DEPARTMENT OF VETERANS AFFAIRS

THURSDAY, NOVEMBER 9, 1989

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:44 a.m., in room SR-418, Russell Senate Office Building, Hon. Alan Cranston (chairman of the committee) presiding.

Present: Senators Cranston, Graham, Murkowski, and Thurmond.

OPENING STATEMENT OF CHAIRMAN CRANSTON

Chairman CRANSTON. Good morning. We welcome you to today's hearing, which is primarily to consider the nominations to positions in the Department of Veterans Affairs of David E. Lewis and Ronald E. Ray, to be Assistant Secretary for Acquisition and Facilities and Assistant Secretary for Human Resources and Administration, respectively.

On behalf of the Committee on Veterans' Affairs I extend a warm welcome to each of you and congratulate you on your nominations.

I also welcome back Edward G. Lewis, whom we have asked to return to answer further questions in connection with his nomination to be Assistant Secretary for Information Resources Management.

David, I am pleased to note that you are accompanied by your wife, Anne. I know she is very proud of you.

Ron, I understand that you have been attending the Congressional Medal of Honor Society's biennial meeting this week in Albuquerque, NM, and that you are scheduled to return upon this hearing's conclusion. I apologize for the scheduling conflict and interrupting your participation in that meeting.

A word about each of our nominees:

After graduating from Yale University in 1944, David Lewis studied at the U.S. Naval Reserve Midshipman's School and received his commission as an ensign in December 1944. For the next 2 years he studied at the Naval Reserve Communications School and the Naval Oriental Language School and served in Navy communications in Washington.

He was recalled to active duty during the Korean war as a Navy lieutenant at the Armed Forces Security Agency.

Between 1947 and 1953, Mr. Lewis held various marketing positions in the private sector in New York. From 1953 to 1970 he was Vice President of West-Point Pepperell, Inc. From 1970 to 1975 he served as Vice President and General Manager of the International Paper Co., and from 1975 to 1988 he was President and Chief Executive Officer of the Blessings Corp. From 1985 to 1988 he also served as Director of the J.L. Prescott Co. Most recently, David served as Director of the Coalition of Commerce and Industry Leaders in the Bush campaign.

In his responses to my prehearing questions, Mr. Lewis referred to his private sector efforts "in managing the highly successful turnaround of one of America's leading growth companies, and the knowledge gained as an officer of both the Nation's largest paper company and what is now its largest textile company" as being transferrable to VA.

I agree with him that this background highly qualifies him for the position for which he has been nominated.

Ron Ray retired in 1980 from the U.S. Army as a lieutenant colonel after 20 years of distinguished service. His military career serves as an effective reminder of just how much we owe our Nation's veterans.

Mr. Ray joined the Army in 1959 as a noncommissioned officer. After tours as a weapons leader and an operations officer, then-First Lieutenant Ray was sent to Vietnam as a platoon leader of the 2nd Battalion, 35th Infantry.

On June 19, 1966, a date I know he well remembers—it happens also to be my birthday—Mr. Ray displayed such gallantry and intrepidity in action while leading his platoon through an enemy attack that he was later awarded the Medal of Honor, our Nation's highest award for military valor. He was also awarded the Silver Star, Bronze Star, Purple Heart, and Army Commendation Medal.

In 1974-75 he was a White House Fellow in the Commerce Department.

During Mr. Ray's last 4 years in the Army he commanded the Special Forces Battalion at Fort Bragg.

From 1982 until earlier this year, Mr. Ray served as President of his own investment company. He has a Bachelor of Science degree from the University of Tampa and a Masters degree in Public Administration from the University of Oklahoma. For the last 6 months he has been a Special Assistant to the Secretary of Veterans Affairs.

We will print Mr. Ray's Medal of Honor citation in the record. I would read it in full at this time, except that I expect his Senator from his home State, Senator Graham, will do so shortly.

Both nominees have completed committee questionnaires and provided their written responses to the prehearing questions I submitted to them. In addition, I have received letters from the Office of Government Ethics certifying that each of the nominees is in compliance with the applicable laws and regulations governing conflicts of interest. These and other pertinent documents will be made a part of the hearing record.

[The questionnaires, answers to prehearing questions, and letters from the Office of Government Ethics appear in the appendix.]

Chairman CRANSTON. In addition, I have reviewed the relevant FBI reports and certain supplements to those reports requested by the committee and have found no bar to the confirmation of either nominee, and I fully expect to support each.

Again, I welcome you and am delighted to have this opportunity to develop a working partnership with you.

Frank Murkowski, I yield to you.

Senator MURKOWSKI. Thank you, Mr. Chairman. Senator Thurmond has to go to a Judiciary meeting. I would like to defer to him and then come back with a short statement.

Chairman CRANSTON. Senator Thurmond?

OPENING STATEMENT OF SENATOR THURMOND

Senator THURMOND. Thank you very much, Mr. Chairman.

It is a pleasure to be here this morning to continue our consideration of nominees to the Department of Veterans Affairs. Today it is a pleasure to have with us Ronald Ray, who is nominated to be Assistant Secretary for Human Resources and Administration; David Lewis, nominated to be Assistant Secretary for Acquisition and Facilities; and Edward Lewis, nominated to be Assistant Secretary for Information Resources Management.

Each of these individuals is a fine nominee. From 1959 to 1980, Ronald Ray had a distinguished career in the military. He had extensive responsibility in personnel matters through his position of commander of a Special Forces Battalion at Fort Bragg and as chief operations and training officer for all Special Forces. A decorated veteran, he is a recipient of the Medal of Honor, Silver Star, Bronze Star, Purple Heart, and Army Commendation Medal. He served as a White House Fellow from 1974 to 1975 and has recently served as president of a real estate investment company in Florida.

These experiences will serve him well in the role of Assistant Secretary for Human Resources and Administration.

The second nominee before the committee today, Mr. David Lewis, received a Bachelor of Arts degree from Yale University in 1944. Since that time he has held numerous management-level positions in private business. He has served as Vice President of West-Point Pepperell, Vice President and General Manager of International Paper Co., and most recently has served as President and Chief Executive Officer of the Blessings Corp. of New Jersey. In addition, he served in the Korean war.

As Assistant Secretary for Acquisition and Facilities, Mr. Lewis will be able to draw upon his private sector business experience and put it into service for his country.

Finally, Mr. Chairman, it is a pleasure to consider the nomination of Mr. Edward Lewis to be Assistant Secretary for Information Resources Management. A graduate of the Naval Academy, Mr. Lewis later received a Masters degree in Mechanical Engineering and a Masters in Business Administration also. He served over 20 years in the U.S. Marine Corps and retired as a lieutenant colonel last year.

All of these nominees today are very capable and dedicated individuals, and I look forward to reviewing their testimony.

At this time I must leave for another meeting; Judiciary is having some nominations.

Thank you very much, and thank you, Senator Murkowski, for yielding to me so that I can get back to Judiciary.

I am glad to see you gentlemen.

OPENING STATEMENT OF SENATOR MURKOWSKI

Senator **Murkowski**. It is always a pleasure, Senator. Thank you.

Mr. Chairman, I would also like to take a moment to welcome our nominees.

Ronald Ray of Florida, as you have all heard, is a retired Army officer who earned the Congressional Medal of Honor in Vietnam; ran his own private investment business; and has the honor of being considered for the position of Assistant Secretary for Human Resources and Administration, as nominated by our President.

We certainly admire you, Mr. Ray, the commitment and the contribution you have made, and the recognition by the President is obviously very meritorious.

Mr. David E. Lewis, also of Florida—we seem to be getting some Floridians here; a little more than their share, but that's alright, because there are more of them, I guess—you are a successful businessman as well, a former naval officer who has been nominated to be Assistant Secretary for Acquisition and Facilities. I assume you might have something to do with that shipment to North Vietnam. Some of the excess materials that the VA has—we are all going to be looking very carefully to see what that list contains. I understand there are numerous medical books; I don't know whether they are going to use those to practice their English, but nevertheless, so be it.

Both Ron Ray and David Lewis are professionals who have achieved recognition as leaders and men of action in their respective careers. I might note that the writer of this used the word "consummate" professionals. I asked my wife about that last night and we had a difference of opinion as to the degree of commitment. I won't belabor it, but you will notice that I left it out in my formal remarks, but I did want to give recognition to those who write.

I have examined the records and the backgrounds, and I certainly believe that the Department of Veterans Affairs and the veterans of this country themselves will benefit greatly from the professional experience, the expertise, and the wisdom of the individuals before us. I think it is most noteworthy to identify their business backgrounds. As a consequence you will be under great scrutiny because we have always claimed that there are not enough small business people that involve themselves in Government, making the sacrifice to get involved. So we are looking for great contributions in that regard.

I also want to note that Edward G. "Ted" Lewis, nominated to be Assistant Secretary for Information Resources Management, is here. I assume that he and the chairman will be conversing about his proposed role concerning his new duties.

Ted, we wish you well and we look forward to your comments.

I think with these fine nominees, whose qualifications are in the record for all to see, represent an aggressive spirit at the VA, as evidenced by Secretary Derwinski and Mr. Principi—a new brush, a "can do" spirit, and I would urge my colleagues to support them by voting for them favorably when the vote is set by the chairman.

It is my hope that Mr. Ray and the Lewises can be included in our contemplated action, Mr. Chairman.

I wish you all a good day.

Thanks for scheduling this.

Chairman **Cranston**. Thank you very much.

Senator Graham?

OPENING STATEMENT OF SENATOR GRAHAM

Senator **Graham**. Thank you very much, Mr. Chairman. I knew that Mr. Ray was going to be here today, and I knew of his Florida background. I was not aware of Mr. Lewis, but I am pleased that our State is sharing its bounty so generously with the Nation.

I would like to make some comments about Mr. Ronald Eric Ray of Winterhaven, FL. He is the President's nominee to be Assistant Secretary for Human Resources and Administration.

Mr. Ray's 20 years of valiant military service serve as an apt indicator of the performance that we can now expect if he is confirmed, as I anticipate he will be, by the full Senate.

At the age of 18 Mr. Ray enlisted in the U.S. Army. By age 39 he had risen to the rank of lieutenant colonel and commanded a battalion of the U.S. Army Special Forces. In the intervening 20 years he went to Officer Candidate School, earned two college degrees, and was decorated many times for battlefield bravery. His most auspicious award, the Congressional Medal of Honor, was the result of selfless commitment to his men in the face of overwhelming odds.

Mr. Chairman, I would like to offer for the record the full statement of Mr. Ray's decoration, the Congressional Medal of Honor, but would summarize that at this time.

It was granted for valor in Vietnam on June 19, 1966.

> Captain Ray distinguished himself while serving as a platoon leader with Company A. When one of his ambush patrols was attacked by an estimated reinforced Viet Cong company, Captain Ray organized a reaction force and quickly moved through two kilometers of mountainous jungle terrain to the contact area. After breaking through hostile lines to reach the beleaguered patrol, Captain Ray began directing the reinforcement of the site. When an enemy position pinned down three of his men with a heavy volume of automatic weapons fire, he silenced the emplacement with a grenade and killed four Viet Cong with his rifle fire.
>
> As medics were moving a casualty toward a sheltered position, he began receiving intense hostile fire. While directing suppressive fire on the enemy position, Captain Ray moved close enough to silence the enemy with a grenade.
>
> A few moments later, Captain Ray saw an enemy grenade land unnoticed near two of his men. Without hesitation or regard for his safety, he dove between the grenade and his men, thus shielding them from the explosion, while receiving wounds in his exposed feet and legs. He immediately sustained additional wounds in his legs from an enemy machine gun but nevertheless silenced the emplacement with another grenade. Although suffering great pain from his wounds, Captain Ray continued to direct his men, providing the outstanding courage and leadership then vitally needed, and prevented their annihilation by successfully leading them from their surrounded position.
>
> Only after assuring that his platoon was no longer in immediate danger did he allow himself to be evacuated for medical treatment.
>
> For his gallantry at the risk of his life, in the highest traditions of military service, Captain Ray has reflected great credit on himself, his unit, and the U.S. Army.

Mr. Chairman, I would submit that statement of extreme heroism for the record.

[The full Medal of Honor citation follows:]

Ray, Ronald Eric

Rank and organization: Captain (then 1st Lt.), U.S. Army, Company A, 2d Battalion, 35th Infantry, 25th Infantry Division. *Place and date:* Ia Drang Valley, Republic of Vietnam, 19 June 1966. *Entered service at:* Atlanta, Ga. *Born:* 7 December 1941, Cordelle, Ga. *Citation:* For conspicuous gallantry and intrepidity in action at the risk of his life above and beyond the call of duty. Capt. Ray distinguished himself while serving as a platoon leader with Company A. When 1 of his ambush patrols was attacked by an estimated reinforced Viet Cong company, Capt. Ray organized a reaction force and quickly moved through 2 kilometers of mountainous jungle terrain to the contact area. After breaking through the hostile lines to reach the beleaguered patrol, Capt. Ray began directing the reinforcement of the site. When an enemy position pinned down 3 of his men with a heavy volume of automatic weapons fire, he silenced the emplacement with a grenade and killed 4 Viet Cong with his rifle fire. As medics were moving a casualty toward a sheltered position, they began receiving intense hostile fire. While directing suppressive fire on the enemy position, Capt. Ray moved close enough to silence the enemy with a grenade. A few moments later Capt. Ray saw an enemy grenade land, unnoticed, near 2 of his men. Without hesitation or regard for his safety he dove between the grenade and the men, thus shielding them from the explosion while receiving wounds in his exposed feet and legs. He immediately sustained additional wounds in his legs from an enemy machine gun, but nevertheless he silenced the emplacement with another grenade. Although suffering great pain from his wounds, Capt. Ray continued to direct his men, providing the outstanding courage and leadership they vitally needed, and prevented their annihilation by successfully leading them from their surrounded position. Only after assuring that his platoon was no longer in immediate danger did he allow himself to be evacuated for medical treatment. By his gallantry at the risk of his life in the highest traditions of the military service, Capt. Ray has reflected great credit on himself, his unit, and the U.S. Army.

Senator **Graham**. Ronald Ray's determination and leadership have been well exhibited, on as well as off the battlefield. His determination and leadership will serve him and his country well as Assistant Secretary at the Department of Veterans Affairs. His leadership to his community, State, and Nation continue to demonstrate his commitment to serve, whether in a military or civilian capacity.

In his role as Assistant Secretary for Human Resources and Administration, Mr. Ray will be able to combine all that he has learned as a soldier and a businessman to enrich the veterans community of this Nation.

Chairman **Cranston**. Thank you very much, Senator Graham.

Pursuant to the rules of the committee, we will now administer the oath.

Ted, the oath you took on October 4 is still applicable, so you need not be sworn again.

David and Ron, would you both please stand and raise your right hand?

Do you swear or affirm that the testimony that you will give to this committee at this hearing today, and any written answers or statements you provide to this committee in connection with this hearing, will be the truth, the whole truth, and nothing but the truth?

Mr. **Ray**. I do.

Mr. **David Lewis**. I do.

Chairman CRANSTON. David, Ron, and Ted, in connection with your testimony being under oath today, we are asking now—as I advised you we would—that you submit to the committee, pursuant to the oath that you took, the responses to the prehearing questions that you submitted previously, and that you acknowledge that these written answers, as well as any that you will provide in writing in specific followup to this hearing, are submitted under oath.

Do you each agree that those responses are being and will be provided under oath?

Mr. RAY. I do.

Mr. DAVID LEWIS. I do.

Mr. EDWARD LEWIS. I do.

Chairman CRANSTON. Thank you very much. If you would give the answers to the clerk, please.

Now, if you would care to make brief remarks before we begin some brief questioning this morning, the committee would be glad to hear from you at this time.

David, would you like to make a brief statement?

TESTIMONY OF DAVID E. LEWIS, NOMINEE FOR ASSISTANT SECRETARY FOR ACQUISITION AND FACILITIES, DEPARTMENT OF VETERANS AFFAIRS

Mr. DAVID LEWIS. I would, Mr. Chairman.

Mr. Chairman, it is an honor to appear before you and the committee this morning.

I believe that my background in the private sector will serve me well in fulfilling this major responsibility and opportunity to serve our veterans, if you think well of my candidacy.

I am anxious to work closely with you, the committee, and the committee staff in pursuit of our common mission.

Thank you. I am ready to take your questions.

[The prepared statement of Mr. David Lewis appears on p. 229.]

Chairman CRANSTON. Thank you very much.

Ron, do you have any statement?

TESTIMONY OF RONALD E. RAY, NOMINEE FOR ASSISTANT SECRETARY FOR HUMAN RESOURCES AND ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS

Mr. RAY. Yes, sir.

It is a pleasure to be here this morning, Mr. Chairman, and it is nice to see my Senator from Florida.

I also would like to say that since my action happened on your birthday, and my birthdate is December 7, 1941—I hope that's not two strikes against me this morning. [Laughter.]

Basically, I have submitted a statement for the record, but I would like to say here in this forum that it is indeed a distinct pleasure and honor to be here this morning. I would like to take this opportunity to thank a couple of people who have made this opportunity very, very, very easy for me, that is, those people at Veterans' Affairs who have worked with me for the past few months—trying to teach me "the ropes," so to speak. One of those individuals I would like to respect at this time is Mike Rudd.

Mike Rudd availed himself to me, helped me for the first 3 or 4 months that I was there, and without his able assistance I do not think that I would have grasped the role that I have now as easily as I did.

I would also like to pass on my respect to two individuals who are with me this morning who have made my job much easier over the past few months. They are Ron Cowles, who is the Deputy Assistant Secretary for Personnel and Labor Relations, and Betty Selb, who is my Executive Assistant. To those people and all those people at Veterans' Affairs who have helped me in the last few months, I owe the deepest respect.

I am available for your questions, sir.

[The prepared statement of Mr. Ray appears on p. 285.]

Chairman **Cranston**. Thank you very much.

I will start with my questions for you, David.

In response to prehearing question 1 regarding the organizational table for the Assistant Secretary for Acquisition and Facilities you identify a raft of titles, such as "Principal Deputy Assistant Secretary," "Associate Deputy Assistant Secretary," "Deputy Deputy Assistant Secretary." Aren't these titles a bit confusing in terms of the relative rank that they hold?

Mr. **David Lewis**. Well, I think I understand them, Mr. Chairman, and I would be glad to try to elaborate on any specific one, if that would be helpful to you.

Chairman **Cranston**. I wonder if you might review them and determine if there is any way they might be simplified?

Mr. **David Lewis**. Yes, I certainly can do that.

Chairman **Cranston**. Would you do that and report back to us?

Mr. **David Lewis**. Yes.

[Subsequently, Mr. David Lewis furnished information to the following questions which appear on p. 270.]

Chairman **Cranston**. In response to prehearing question 6 you state that in regard to additional improvements in VA's acquisition and supply policies and practices, you have some areas which you feel are candidates for improvement, particularly in the area of inventory management.

When you develop your plans for improvement in this area, I would like to ask that you share them with the committee.

Mr. **David Lewis**. I would be glad to, Mr. Chairman.

Chairman **Cranston**. Thank you.

Over the past several years I have expressed some concerns about the facility development plan process, particularly in regard to the volumes of documents and mounds of data it produces and how such individual plans are integrated into national long-range construction planning.

Would you please review what appears to be a proliferation of paper and volumes of copies associated with FDPs and get back to me with your views on that, also?

Mr. **David Lewis**. I will do so.

Chairman **Cranston**. Thank you.

In a number of prehearing questions, including 8, 9, 10, 13, and 16, I found very encouraging your statements that you were reviewing various policy and management issues with an eye toward proposing changes. Assuming your confirmation, as you make determinations in these matters, would you please inform the committee of your plans, specifically in regard to (a), the results of the work of the study group established to expand the concept known as "prime vendor" to include items presently procured through Federal supply reschedule contracts; (b), your fiscal year 1990 goal and fiscal year 1989 record for increasing the participation of veteran-owned businesses in VA's procurement process; (c), the use of capital leases with a purchase arrangement of lease termination in future facility planning; (d), changes to the construction prioritization methodology, including whether seismic deficiency correction projects currently receive sufficient priority in their methodology; and (e), efforts to improve consolidation of procurement programs for medical items.

At the beginning I said, please report to us on all of that. I don't expect you to remember all of that, but we will give it to you in the record.

Mr. **DAVID LEWIS**. All right.

Chairman **CRANSTON**. In regard to construction change orders, you indicate in your response to prehearing question 18 that there has to come a time when the answer is "no" to change orders, and that you will propose that all future client-requested changes in excess of $50,000 must be approved at the Assistant Secretary level.

Does this mean that you will personally review all such proposed change orders?

Mr. **DAVID LEWIS**. It does, Mr. Chairman.

Chairman **CRANSTON**. In your response to my prehearing question relating to VA funding needs associated with the October 17 San Francisco Bay Area earthquake, you indicated that efforts are already underway in the Department to find new financing approaches that might help expedite the restoration and replacement of damaged VA facilities in northern California. You further stated your view that both seismic-damaged and seismic-deficient structures should receive high priority, and that emergencies such as the California earthquake warrant innovative approaches and novel methods of financing in connection with taking necessary corrective actions.

I want to express my personal gratitude for your responsiveness in connection with addressing VA's short- and long-term earthquake-relief and seismic-correction needs in northern California. I trust you will keep at it.

Mr. **DAVID LEWIS**. I will.

Chairman **CRANSTON**. At this point we will print in the hearing record the October 19 letter I sent to Secretary Derwinski, with Senator Mikulski, and the Secretary's November 7 response, and the November 1 letter that I sent to the President with Chairman Montgomery and our two ranking minority members, as well as Senator Thurmond and Representatives Edwards and Patterson.

[The letters referred to appear on p. 277.]

Chairman **CRANSTON**. I want to thank you for expediting Secretary Derwinski's November 7 response on the matter of VA's requested funds in connection with the recently-enacted emergency earthquake relief bill.

David, can you confirm for me now that VA has requested of OMB $61.2 million in emergency funds for the President to transfer to VA for earthquake damage and to offset seismic risks at the Palo Alto VAMC and other Bay area facilities?

Mr. **David Lewis**. Yes, I can confirm that, Mr. Chairman.

Chairman **Cranston**. It is my understanding that within the $61.2 million is $3 million for seismic correction to building 5 at Palo Alto, and that this figure may increase to $6 million. Is that correct?

Mr. **David Lewis**. That is correct.

Chairman **Cranston**. Thank you.

I further understand that the $61.2 million request includes $20 million for emergency design funding for major construction at Palo Alto, and $2 million for other design work there. Is that correct?

Mr. **David Lewis**. That is also correct. The $2 million number is for advance planning for projects beyond building No. 1.

Chairman **Cranston**. Am I also correct that although the $61.2 million does not include $15 million in design funds for seismic correction and clinical improvement projects at the Martinez VAMC, you will request such funding for these projects according to the previously-established construction schedule?

Mr. **David Lewis**. That is also correct.

Chairman **Cranston**. Good.

I take it, based on the Secretary's letter to Senator Mikulski and me, that this would mean fiscal year 1991 design funding?

Mr. **David Lewis**. That is our intention, yes.

Chairman **Cranston**. This project has been pending for years, as you know, and as Senator Mikulski and I said in our recent letter to Secretary Derwinski, had the earthquake epicenter been located closer to the Martinez VAMC, the results could have been very, very devastating. We really have to get that project design funding in fiscal year 1991, and I appreciate your efforts in that regard.

David, I can't stress strongly enough the importance I attach to VA getting the requested $61.2 million in disaster relief aid and proceeding with the Martinez projects as soon as possible. When Secretary Derwinski visits the Palo Alto VAMC next Monday, the staff of the VAMC and Stanford University Medical School will have a great interest in his message. Please convey to the Secretary my deep appreciation and that of my constituents for all their support in this matter thus far, and my strong conviction that next Monday he needs to send a very clear signal to the Palo Alto staff and the veterans they serve that the U.S. Government is committed to taking the steps needed now to avoid disaster in the future, and to restoring the full capacity of that facility through permanent construction. Would you please do that for me?

Mr. **David Lewis**. I believe he intends to do so.

Chairman **Cranston**. Thank you very much.

Finally, on that subject, as the chief advisor to the Secretary on these matters, I would very much appreciate your continued strong personal efforts toward achieving these results, and I ask that you keep me fully and closely informed on your efforts and progress.

Mr. **David Lewis**. I will do so.

Chairman **Cranston**. Bob, I would be glad to yield to you at this time.

Senator **Graham**. No questions, Mr. Chairman.

Chairman **Cranston**. I understand it's your birthday. Happy birthday.

Senator **Graham**. Thank you.

Chairman **Cranston**. David, continuing on some other matters, your response to prehearing question 19(a) states that the Prosthetic Distribution Center must be viewed as a retail rather than a wholesale or a depot operation because the PDC deals one-on-one with the veteran.

It is the committee's understanding that the PDC supplies directly to various VAMCs in bulk, and not directly to veterans, items from two commodity groups: aids for the blind, and flexible prostheses and elastic hose. This aspect seems to be more of a depot operation than a retail activity, don't you think?

Mr. **David Lewis**. Well, I do, but it's my belief—I could be wrong about this, but I visited the facility about 3 weeks ago, and I saw many aids to the blind which are new products which are coming into inventory which I had understood, and perhaps wrongly so, were distributed on a one-on-one basis. I would be very glad to check that out, though, and make sure that I am not incorrect.

Chairman **Cranston**. I think that's not the way it works, but suppose you check it out?

Mr. **David Lewis**. OK.

Chairman **Cranston**. To the extent that the PDC does operate as a depot in supplying the medical centers with these prosthetic items, what are the economic or other advantages of doing so as opposed to resupplying VAMCs with these items through the VA supply depot system?

Mr. **David Lewis**. I think there are some economic disadvantages to going the depot route simply because we have three depots. It is my belief that there would be additional overhead incurred by imposing this particular operation on those depots.

But perhaps most importantly, I think a great deal of expertise has been built up at PDC over time. It is, overall, really a retail business, particularly because of its distribution of hearing aids. I believe that represents well over 50 percent of its activity, probably way more than 50 percent. As a result, disbanding portions of the PDC would, in my opinion, tend to affect the overall ability of that group to serve, again, a one-on-one veteran kind of situation which we have there.

I more than likely am wrong about those two commodities which you cited, but the principal commodity is hearing aids. I think they have really built up a marvelous system for distributing them.

Chairman **Cranston**. But you would look into that further?

Mr. **David Lewis**. I will do so.

Chairman **Cranston**. I appreciate it.

It is my understanding that the PDC supplies medical centers with only about 19 percent of the aids for the blind, and 55 percent of the braces furnished to veterans throughout the VA system. The remainder of the items in these two groups is purchased commercially by individual medical centers.

What is the reason for the PDC supplies having such a low percentage of these two item groups?

Mr. **David Lewis**. I learned of those numbers the other day, and I am distressed by them. The PDC's approach is to issue a catalog to the various medical centers, and hopefully it encourages medical center procurement officials to buy from that catalog, because quite obviously the prices enjoyed through the catalog and through mass purchasing, which PDC engages in, should be significantly better than local purchasing activities.

It is very much my intention to get into just why those numbers evolved. I have seen them, and I believe that the investigator who was there will provide them to us, those specific numbers. You have my assurance that we will get on top of that because I don't like that situation.

Chairman CRANSTON. Thank you.

I also understand that over the past 10 years Prosthetics and Sensory Aid Service has not requested the addition of any items to the PDC's inventory. I think that consultation with the experts in the Service would be necessary for the PDC to maintain an inventory that is continually updated to meet the needs of the prosthetics users and the medical centers.

What VA networks, if any, exist for notifying the PDC of what items they should stock?

Mr. DAVID LEWIS. I am unaware of the specifics of the network. However, I would think with this intimate relationship which exists via the catalog, hopefully medical center procurement officials would be in communication with PDC about their specific needs. I am surprised that they are not, but I will also determine what exactly that method of communication is.

Chairman CRANSTON. If you would look into that to see what can be done to improve the situation, that would be helpful.

Where there is a Prosthetic and Sensory Aid Service at a medical center, that Service appears to have a nearly unlimited procurement authority. Is there any requirement that local purchases of these prosthetic services be routinely reviewed by the medical center supply service or some other entity to guard against fraud, waste, or abuse occurring?

Mr. DAVID LEWIS. I am not aware of it, but I hope the IG has such a mechanism in place.

I think another limiting factor on medical center procurement officers, of course, is the statutory requirement that we get down to 20 percent local procurements. Hopefully, that will serve as a——

Chairman CRANSTON. Suppose you look into whether such a requirement would be worthwhile and report back to us?

Mr. DAVID LEWIS. I will do so.

[Subsequently, Mr. David Lewis furnished information which appears on p. 282.]

Chairman CRANSTON. Preliminary information from VHS&RA region IV shows that medical centers within that region have been individually purchasing certain prosthetic items commercially and paying vastly different prices for the very same items.

I would like you to comment on that situation, if you can, and describe what steps you would take, if confirmed, to preclude such a situation from continuing.

Mr. DAVID LEWIS. Well, I think it should be realized that the Office of Acquisition and Materiel Management really plays only a support role in terms of controlling the procurement practices of local medical centers, that those centers' procurement officers report to the medical center director and in turn, that is part of VHS&RA. But obviously, we are very, very anxious to avoid such a practice. I am appalled by the numbers.

Chairman CRANSTON. Well, as the principal advisor to the Secretary in this realm of acquisition you really ought to take a hard look at that.

Mr. DAVID LEWIS. I will do so.

Chairman CRANSTON. In what situation do you think the medical centers within a given area should consolidate their commercial prosthetic purchases, and in what situation is individual VAMC commercial purchasing desirable?

Mr. DAVID LEWIS. Well, I think consolidation is desirable, unless it interferes with quick delivery of highly specialized items. It's a broad subject. It's one which is being pursued, not only in the prosthetics area but throughout VA, and we are attempting to develop some tests with several centers which would hopefully indicate the effectiveness, or lack thereof, in that type of purchasing activity.

Chairman CRANSTON. Let me turn to Ron Ray now.

I want to thank you, David, for your cooperation and your responsiveness.

Ron, if confirmed, one of your chief areas of responsibility will be labor relations. In your answer to prehearing question 1(b) you stated that although the nature of the military precluded any direct experience in labor relations matters, your education in public administration had given you insight into labor relations history and issues.

Given your work over the past several months as Special Assistant to the Secretary with the opportunity to study the issue of labor relations first-hand, would you please give us your perceptions on VA labor relations at this point, just briefly?

Mr. RAY. Yes, sir. I think at this point, after looking at the myriad of things being done in labor relations, that the Secretary—as well as everyone—strongly supports the labor relationships that we have. We are very much aware of the place of labor unions in the workforce. I think they offer a lot to us because they provide an effective way for employees to present their concerns. It gives us a chance to address large issues with elected employee representatives.

I think that our relationships with the unions are very good. I think Mike Rudd was very effective in establishing a sound program and I think it has continued under Ron Cowles' leadership. I feel that we are moving in the proper direction.

Chairman CRANSTON. I understand that the Department's efforts to eliminate smoking in all VA health-care facilities is currently being negotiated by VA and union representatives. Could you bring us up to date on the status of those negotiations?

Mr. RAY. Yes, sir. We went before the impasse panel last week. Testimony was received from our side on the issue, and also from the labor side. That is before the impasse panel at this time. We expect the panel to render a decision sometime by the end of December.

Chairman CRANSTON. I am concerned that the current smoke-free policy in VA medical facilities may cause serious hardships for employees who are habitual heavy smokers. The addiction to nicotine is said to be a most powerful one, and those who are now unable to smoke at their desks or in lounges or cafeterias, for them it may be very difficult to continue their jobs if they are unable to smoke at all.

Without going into the benefits of the smoke-free workplace, which I personally support very strongly, please tell us your views on how this employee relations problem is being dealt with by the Department, and what strategies you have to lessen the hardships on those employees whose addictions are severe.

Mr. RAY. Sir, we have in place a number of programs to aid our employees in kicking the smoking habit. We do feel that, as the largest health-care provider in the free world, we have to insist on a smoke-free environment for our work force, and we will continue to do so. Employees can smoke away from the buildings and we will take every effort to aid employees who wish to enroll in smoking cessation programs.

Chairman CRANSTON. What will be done for the severely addicted person who can't stand not being able to smoke occasionally?

Mr. RAY. I think that Mr. Steinberg and I spoke about this the other day. Basically, we are looking into all those different ramifications of the policy. I think it's an issue that we're going to have to face in the near future. I do not know at this point exactly how we will address that particular problem. I think that most people, including our employees, will be able to operate in a smoke-free environment.

Chairman CRANSTON. Keep us posted on that.

Mr. RAY. Certainly.

Chairman CRANSTON. As you know, the 1988 decision of the U.S. Court of Appeals in the Colorado Nurses' case reversed a prior decision of the Federal Labor Relations Authority which held that the VA has a duty under the Civil Service Reform Act to bargain over conditions of employment for employees appointed under title 38. The court ruled that the Secretary has exclusive discretion to establish regulations concerning the working conditions of title 38 employees, and is therefore not under any obligation to bargain with such employees based on the Civil Service Reform Act. As you also know, the unions which represent title 38 employees are extremely displeased with this decision.

Can you tell me your views on how this decision has affected relationships between the unions and VA, and what role you intend to play in connection with the ongoing efforts of the unions to secure basic bargaining rights for title 38 employees at VA facilities?

Mr. RAY. Yes, sir. The Colorado Nurses' issue, as you are well aware, is a very serious one. I've been looking into it for the past couple of months. I think to this point we have worked very closely with the union on this matter. I think the differences in opinion deal with matters related to the scope of bargaining.

Basically, we do recognize the union's right to represent title 38 employees. We have always done so and will continue to do so. We hope to work in the near future to come up with an approach that will be very acceptable to both sides. I believe this can be regulated by Veterans Affairs and does not need to be legislated, though.

Chairman CRANSTON. We would be very glad to work closely with you in any way that we can help in that regard.

Mr. RAY. Yes, sir.

Chairman CRANSTON. Some VA career personnel have expressed concerns to us about what they view as a concerted effort to consolidate power at the Assistant Secretary level. What plans do you have for consolidating all of the Department personnel operations under your jurisdiction, if confirmed?

Mr. RAY. As we speak I have no desires, nor do I have any intentions, of doing that. Basically, there might be some reorganizations in the near future after careful evaluation, but my job as an Assistant Secretary is to provide policy and guidance to the work force.

I think that basically all our personnel directors out in the field work directly for the medical center directors and do not work for me. I believe that's the appropriate way they should be working.

Chairman CRANSTON. I would appreciate it if you would give us advance notice on what you specifically plan in that regard.

Mr. RAY. Yes, sir.

Chairman CRANSTON. At last week's VA Senior Management Conference, Ron, you stated that you would like to see local VA health-care facility directors have a greater degree of flexibility in the recruitment and retention of health-care personnel. Would you please explain your reasons for favoring greater local flexibility in personnel matters? And how do you view the relationship between health-care facility directors and VA's Office of Personnel and Labor Relations?

Mr. RAY. Basically, as I said before, I believe my job is to provide assistance and service to all the personnel directors we have out there in the field. The way we do this is through coordination at the lowest levels. I think the only problem I have seen in the past is that there has not been very good or close coordination between the personnel directors and our people at my level. I have encouraged that. I've seen a lot of changes here in the past couple of months, but I see the need for a lot more working together and I will promote that.

When it comes to recruiting nurses and health-care professionals, as you know, we have a nationwide shortage. It's not only in VA, it's throughout the medical care system. So we have to attack this problem on all fronts. We are doing it now at our level, at the Central Office level, and we will continue to encourage those medical center directors to take action at their level to recruit in the local market.

Chairman CRANSTON. Good. Well, you seem to have a good understanding of the difference between line and the other aspects of the operations. I appreciate that very much.

You also said at a recent conference that 50 percent of VA's projected work force for the year 2000 is already in place at VA. What specific plans do you have to create an atmosphere conducive to retaining this group of employees while the Department actively recruits new personnel?

Mr. RAY. I see they're stealing my thunder. Basically, we are always pointing toward work force 2000. After reviewing the documents and the studies, it becomes very clear to me that 50 percent of the work force we have today will be in work force in the year

2000. I think the Secretary has started a great management scheme to retain this work force. I think his style of leadership—one-on-one, personal leadership—is going down through the ranks, so to speak, to the Assistant Secretaries. We have to show this work force that we believe in them, that they are the best, and that they do provide the best care. I think if we instill that type of enthusiasm throughout the work force, that will aid in staff retention.

Also, as you well know, we are looking at the pay issues. Constance Newman, as we speak, has been looking into locality pay. I think that is an issue that we have to move forward on.

Chairman **Cranston**. For which positions in the VA are you having the most difficulty recruiting and retaining, and what are you doing about it?

Mr. **Ray**. I think the largest shortfall we have right now is in nurses, as you well know. As I say, I think it is throughout the health-care system.

We have started a number of programs, as you well know. We formed a special group under the VHS&RA, 10RR, who have been working with us, 05—or Personnel and Labor Relations—developing some recruitment strategies. We're trying to go out and do a national-level recruiting campaign. We are also going back, as I mentioned before, to the medical center directors, trying to encourage them to start local programs for recruitment.

At a number of our medical centers now we do have nurse recruiters full-time, so we are moving on that issue. But it's going to be a long-term thing.

Chairman **Cranston**. Do you know when we will get a legislative package on the recruitment issue?

Mr. **Ray**. The package which we have as far as nurses' pay is concerned, which is tied up with that, as we speak is being reviewed by OMB. I do not have any specifics as to when that would get to you, sir.

Chairman **Cranston**. Let us know as that moves along.

Mr. **Ray**. Yes, sir.

Chairman **Cranston**. Give us a hint as to when we might expect it when you can.

Mr. **Ray**. Yes, sir.

Chairman **Cranston**. With regard to VA's EEO program, you acknowledged in response to my additional prehearing question 5 that more concerted efforts are needed in some areas to enhance opportunities for minorities and women to move into key management positions.

In examining the figures you provided on minority representation within the VA work force, I have become increasingly concerned with the low numbers of women, blacks, Asian-Americans, and Hispanics in high-level positions. For example, out of 306 Senior Executive Service employees in the Department, VA figures show that only 22 are women, 17 black, 6 Hispanic, and there is not one Asian-American.

I don't believe we can judge an equal opportunity program solely on its ability to bring minorities into the workplace generally. We must look at its effectiveness in bringing minorities into leadership and decisionmaking positions as an important aspect of what we must be doing.

With this in mind, what ideas do you have to improve the representation of minorities in top Department positions?

Mr. **Ray**. I think we have to take a number of directions under consideration. We believe that we do not have a very good representation in the feeder groups into the SES levels. We have begun to address this problem in the last few months. We are coming up with some innovative methods, I think, to go out and identify those people who would fit into this group and try to encourage them to move up through the ranks.

We also have encouraged our Assistant Secretaries, right on down through the apparatus of our leadership, by doing different things. Last week, I am very pleased to say, we recognized six individuals throughout Veterans Affairs for their outstanding work in the EEO area. Managers and EEO specialists were given monetary rewards for their efforts in this area. I think we need to continue to do that, continue to reward those folks who are out there working hard to increase the numbers of minorities and women in the feeder groups.

I think we also need to move forward in a couple other areas. Basically, we have to identify those folks with potential out there that are doing good jobs for us and do more than reward them, but also bring them into the mainstream occupations that lead to senior positions.

Chairman **Cranston**. Thank you very much.

We are now going to turn to you, Ted Lewis, but do you have any comments or questions at this point, Bob?

Senator **Graham**. Mr. chairman, I apologize. I am going to have to leave for an 11:30 meeting, but I would like to ask Mr. Ray a couple questions.

One, to follow up on the chairman's questions relative to pay and differential, I have noted within our State several of our veterans' health-care facilities that are in high-cost areas have had considerable difficulties in maintaining their staff. Your response to the question indicates that you are going to be giving some special attention to that matter, and I would encourage you to do so. I think it's critical that, if the VA's services are going to be sustainable and credible, we maintain a staff of professionals that is comparable to that which is available in other health-care facilities in the various regions of the country served by the VA.

Secondly, Mr. Ray, I believe that when the Government has various goals it would like to achieve, one of the truest tests of its commitment is how it acts itself. Government agencies can serve as a leader by example and can be a laboratory for the development of positive personnel programs. As an example, in the VA human resources area, I know you employ large numbers of parents, particularly mothers of young children. Some of the issues that we are trying to deal with as a society, such as flexible scheduling, on-site child care facilities, that are increasingly seen as an important part of meeting the needs of that segment of the working population, offer opportunities for the VA to lead by example.

If you have any ideas as to what areas you might be pursuing in that or other examples of human resources where the VA could be a point for the Nation in terms of new initiatives, I would be interested in your thoughts.

Mr. RAY. Basically, VA is a unique employer due to the fact that 56.6 percent of our work force are women. So we have had to take some innovative steps already. We are now looking at child care. We do have part-time employing and flex scheduling at about all of our facilities as we speak.

I do think that we have to do more in that area. I think that budgetary constraints is one of the things we have to look at as it is determining how fast we move in the child care area. But we do have the local initiatives which we talked about before, the local medical center directors out there who are looking at those programs. Where we have the facilities and the monies to do so, we are already moving in those areas.

Senator GRAHAM. I would be interested in your periodic evaluation of how well those initiatives are helping you achieve your objective of a quality, stable work force.

Mr. RAY. Yes, sir. I will be in touch.

Senator GRAHAM. Thank you.

Chairman CRANSTON. Thank you very much, Bob. Thank you for your participation today.

Ted, thanks very much for returning to the committee this morning so that we can pursue some issues from the October 4 hearing and your written followups. I also want to express my appreciation for your timely responses to my October 4 posthearing questions and the November 2 followup questions and your insertions for the hearing record.

As you recall, at the October 4 hearing I expressed to you my strongly-held views that for ADP systems to continue to work in a services-oriented department such as VA, a number of things need to happen. First, the operational management of such systems should be organizationally located close to the users—that is, VA's line programs. Second, the role of the Assistant Secretary for IRM is one in essence of planning and coordinating and maintaining oversight of IRM policy within the agency rather than managing or implementing it. Third, in regard to the official list of functions for the Assistant Secretary for IRM, it would be most counterproductive to the success of VA's information resources effort if the Assistant Secretary were to be responsible, as the functional statement for the Assistant Secretary for IRM states, for "policy-level management of all activities related to VA's IRM program."

At the October 4 hearing I asked you to go back and discuss with the Secretary and the Deputy Secretary the concerns that I expressed and to give consideration to whether a clarification should be made to the functional statement. I appreciate your having done this, but I must express my disappointment that your insert for the record states that "The Secretary does not desire to revise the functional statement relative to the Assistant Secretary's responsibility for policy-level management of all activities related to VA's IRM program." And I do hope you and the Secretary will reconsider that matter once again.

The committee has received numerous reports from throughout the Department of grave concern—indeed, consternation—about your activities, which are being perceived as being part of an effort to consolidate under your office operational responsibility for all IRM functions in the Department. I believe that the very strong perception within the Department to this effect will, unless it is reversed, prevent you from being successful in improving the Department's IRM performance and will ensure that your tenure, if confirmed, will be wracked with divisiveness, bureaucratic in-fighting, and a good deal of back-biting and a great deal of counterproductive turf protection.

Instead, I believe that the person filling the position for which you have been nominated needs to be perceived by the operating elements of the Department and other Assistant Secretaries as a friend and a facilitator—I'm sure you want to be that—and not an enemy and an invader.

I am absolutely convinced that the current atmosphere must be altered if you are to have any chance of success as Assistant Secretary for IRM, and that it is very important to the Department that you do succeed in the task of facilitating the improvement of VA IRM functions.

Against that background, I hope we can get these issues resolved satisfactorily. I hope we can move ahead with your nomination.

For many of the following questions, I think a simple yes or no answer would suffice.

Mr. EDWARD LEWIS. Mr. Chairman, if I might, before we get to the questions, have an opportunity with your permission to just make a few initial remarks, I might be able to answer your questions.

Chairman CRANSTON. Yes.

TESTIMONY OF EDWARD G. LEWIS, NOMINEE FOR ASSISTANT SECRETARY FOR INFORMATION RESOURCES MANAGEMENT, DEPARTMENT OF VETERANS AFFAIRS

Mr. EDWARD LEWIS. Again it is a pleasure to be with you this morning to answer your questions. Since my appearance before your committee on October 4 there has been a great deal of discussion and, I believe, apparently some misunderstanding of what my role would be if confirmed as the Assistant Secretary for Information Resources Management and as the Department's Chief Information Resources Officer. Therefore I would like to take this opportunity to clarify three main points.

First, under any IRM reorganization contemplated in connection with my role as Assistant Secretary, there would be no transfer—I repeat, no transfer—of resources, either FTEE or dollars, from either VBA or VHS&RA to my office. Specifically, the ongoing IRM reorganization effort is solely—I repeat, solely—within the Office of the Assistant Secretary for Information Resources Management.

Second, my primary responsibility as Assistant Secretary for Information Resources Management would be to ensure that the IRM efforts within the Department, to include planning and purchasing, are fully coordinated, similar to the three key terms that you used—planning, coordinating, and overseeing. Specifically, as a principal staff officer—and I repeat, as a staff officer—that my focus would be to advise and assist the Secretary and Deputy Secretary to implement their policies.

Third and final point, to the fullest extent possible there should be integration of and communication between Department information systems. However, systems integration is not an end unto itself. The end that we are all seeking both here and in the Department, our top priority is delivery of services to veterans.

I believe that with an eye toward improved service to veterans, on the one hand, my responsibilities if confirmed include providing assistance to the Department in identification, design, and acquisition of ADP and telecommunications support to enhance Department operations; facilitating the coordination of various Department ADP and telecommunications operations by identifying opportunities for joint efforts in greater systems integration; and helping to ensure that information needed by Department managers at all levels is readily accessible for planning and decisionmaking.

On the other hand, the responsibility for ensuring that the individual Administration's IRM capabilities are fully exploited and applied to the improved delivery of services rests with the Chief Medical Director, the Chief Benefits Director, and the Director of the National Cemetery Service.

Again, Mr. Chairman, I want to express my appreciation for the opportunity to appear before this committee and present these views. I will gladly respond to any questions you may have at this time.

Chairman CRANSTON. That is very helpful and I appreciate it very much.

Would there be transfers of money and FTEE to your office from components other than VBA and VHS&RA?

Mr. EDWARD LEWIS. No, sir.

Chairman CRANSTON. I do want to run through a few of the questions that I have planned, and again, I think a yes or no answer will suffice for most of them.

Do you have any plans to consolidate line responsibility in your office for the information function's operations, the VHS&RA, VBA, NCS, or the staff offices?

Mr. EDWARD LEWIS. No, sir.

Chairman CRANSTON. You apparently have not articulated this fully and clearly to the Chief Medical Director, the Chief Benefits Director, the Director of the National Cemetery System, and their career employees as well as to the other Assistant Secretaries, so I urge you to think about that further and give me a plan for how you seek to communicate that point to those people in the Department for maximum effectiveness. I think that would help clear up the situation.

Mr. EDWARD LEWIS. I will, sir.

Chairman CRANSTON. You could get back to us on that.

[Subsequently, Mr. Edward Lewis furnished information to the following questions which appear on p. 311.]

Chairman CRANSTON. Do you share my view that in essence your role and that of the staff is to serve the customer—that is, to assist the line departments, who carry out the VA's mission, by facilitating the effectiveness of their ADP operations and meeting their needs?

Mr. EDWARD LEWIS. Absolutely, Senator.

Chairman CRANSTON. Do you share my view that generally the closer the operational control of ADP and information systems is to the user, the better?

Mr. EDWARD LEWIS. I do.

Chairman CRANSTON. In summary, then, I take it that you share my view that your role is to facilitate, cooperate, coordinate, and oversee IRM activities and not to actually run them?

Mr. EDWARD LEWIS. I do.

Chairman CRANSTON. Could you also present to me your plan for how you can effectively communicate throughout the Department your responses to those last three questions?

Mr. EDWARD LEWIS. I will do that.

Chairman CRANSTON. That will be fine.

Against the background of these questions and your answers, I reiterate that I don't believe the functional statement is accurate, the Paperwork Reduction Act notwithstanding, in assigning the Assistant Secretary for IRM the responsibility for "policy-level management of all activities related to VA's information resources management program." So I would like to ask you to revisit that matter with the Secretary and Deputy Secretary again and advise me as to whether this misleading description can and will be revised and, if so, how.

Mr. EDWARD LEWIS. I will discuss that with the Secretary.

Chairman CRANSTON. In regard to the VHS&RA and VBA Automated Management Information Exchange Program, would you please submit—and this is for the record—whether the anticipated fiscal year 1990 funds to be allocated internally for this project will provide for the additional work stations needed in the Regional Offices, as well as telecommunications support, user training, and documentation?

Mr. EDWARD LEWIS. Yes, sir, as soon as we have the information from VBA we will be happy to provide that.

Chairman CRANSTON. I believe you have responded effectively to the concerns that I have raised. I thank you again for returning to us this morning for further testimony on your nomination. Thank you very, very much.

There are a few items we have asked you to get to us. If you would do so very, very swiftly, then we could get to the nomination, I hope, next week.

Mr. EDWARD LEWIS. Thank you very much.

Chairman CRANSTON. We will move it along as soon as you get that material to us.

That completes our hearing. I thank the three of you and all others who have been present. Thank you very much.

We stand adjourned.

[Whereupon, at 11:45 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

STATEMENT OF SENATOR FRANK H. MURKOWSKI (R-AK) ON THE NOMINATIONS OF FOUR NOMINEES TO POSITIONS IN THE DEPARTMENT OF VETERANS AFFAIRS

GOOD MORNING.

IT IS WITH PLEASURE THAT I EXTEND A PERSONAL WELCOME TO THE FOLLOWING DISTINGUISHED GENTLEMEN WHO HAVE BEEN NOMINATED TO SERVE THE DEPARTMENT OF VETERANS AFFAIRS IN THE FOLLOWING CAPACITIES:

- o RAOUL CARROLL TO BE GENERAL COUNSEL;

- o ED TIMPERLAKE TO BE ASSISTANT SECRETARY FOR CONGRESSIONAL & PUBLIC AFFAIRS;

- o ALLEN CLARK, JR., TO BE ASSISTANT SECRETARY FOR VETERANS LIAISON & PROGRAM COORDINATION; AND

- o S. ANTHONY MCCANN TO BE ASSISTANT SECRETARY FOR FINANCE & PLANNING.

IN PREPARING FOR THIS CONFIRMATION HEARING, I HAVE CAREFULLY REVIEWED THE BACKGROUNDS AND RECORDS OF EACH NOMINEE, AND I MUST ADMIT TO BEING IMPRESSED.

- EACH OF THESE GENTLEMEN IS AN UNQUALIFIED SUCCESS IN HIS OWN RIGHT.

- EACH HAS A HISTORY OF INDEPENDENT THOUGHT AND ACTION.

- EACH HAS DEMONSTRATED A WILLINGNESS TO SEEK OUT CHALLENGES AND TO CONFRONT PROBLEMS.

IN SHORT, THE PRESIDENT MADE EXCELLENT CHOICES WHEN HE SELECTED THESE EXCEPTIONAL INDIVIDUALS TO SERVE IN HIS ADMINISTRATION. I EXPECT THAT THE DEPARTMENT OF VETERANS AFFAIRS AND, MORE IMPORTANTLY, THE VETERANS THEMSELVES WILL BENEFIT FROM THE PROFESSIONAL WISDOM AND EXPERTISE REPRESENTED BY THESE NOMINEES.

I CONGRATULATE THEM AND WISH THEM WELL, AND I URGE MY COLLEAGUES TO JOIN ME IN CONFIRMING THEM AND ALLOWING THEM TO GET ON WITH THEIR RESPONSIBILITIES.

PREPARED STATEMENT OF

RAOUL L. CARROLL

BEFORE THE SENATE COMMITTEE ON VETERANS' AFFAIRS

SEPTEMBER 22, 1989

Mr. Chairman, Senator Murkowski, members of the Committee, I am honored to have this opportunity to appear before you as the nominee for the position of General Counsel, U.S. Department of Veterans' Affairs.

I am a veteran. I come from a family that believes that service in defense of ones country is noble and honorable. As such, I cannot envision a greater or more rewarding opportunity for government service than working with an organization, that is dedicated to service to our nations veterans and their dependents. In working with and on behalf of veterans, I will be supporting those programs which provide service and assistance to the finest group of people I have ever been associated with.

I recognize that there are many issues which are of great concern to veterans and certainly over the past several months many individuals and organizations have expressed an interest in speaking with me regarding a variety of Departmental programs and initiatives. While I believed it premature to hold those discussions, Mr. Chairman, I have given considerable thought to an issue which I believe was significant and immediate impact on the Office of the General Counsel and the Department of Veterans Affairs. Of course, I am referring to "judicial review." I want to say simply that if confirmed as General Counsel, I will do everything within my power to see that the Department's lawyers implement this program without delay in a spirit of openness and full cooperation with veterans and their legal or lay counsel. While we inevitably will become engaged in differences over the appropriate resolution of a particular case, I will resist any attempt by anyone under my supervision to view veterans as the "opposition." I believe Mr. Chairman that all of us want the same thing, that is, we want veterans, as a whole, to view the Department of Veterans Affairs as an organization of men and women whose sole aim is to provide them and their families with the best service we can with the resources available to us.

Mr. Chairman, that concludes my opening statement. I would be pleased to answer any questions this Committee may have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name Carroll (LAST) Raoul (FIRST) Lord (OTHER)

Present address 7821 Morningside Drive, N.W. Washington, (CITY) D.C. (STATE) 20012 (ZIP CODE)

Position to which nominated General Counsel, Dept. of Veterans Affairs

Date of nomination June 15, 1989

Date of birth 16 (DAY) March (MONTH) 1950 (YEAR) Place of birth Washington, D.C.

Marital status Married Full name of spouse Elizabeth J. Carroll

Names and ages of children Alexandria Nicole (7)
Christina Elizabeth (1)

Education

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
Georgetown Univ. Law Center	6/80-12/81	N/A	
George Washington Univ.	9/78-12/78	N/A	
St. John Univ. School of Law	9/72-6/75	J.D.	6/1/75
Morgan State College	9/68-5/72	B.S.	5/28/72

Honors and awards. List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement

(1) DOD Joint Commendation Medal
(2) Army Commendation Medal
(3) Who's Who in American Law
(4) Outstanding Young Man in America
(5) Law School Scholarship
(6) College Bd. of Trustees Scholarship
(7) Distinguished Military Graduate
(8) ROTC Scholarship

Memberships. List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last five years and any other prior memberships or offices you consider relevant.

Organization	Office held (if any)	Dates
Am. Center for Int'l Leadership	Chairman	3/85-Present
Omega Psi Phi Fraternity		4/70-Present
Nat'l Assn. of Securities Prof.	N/A	1986-1988
D.C. Bar Association	N/A	1/79-Present
Black Asst. U.S. Atty. Assn.	President	4/81-6/84
New York Bar	N.A.	1/76-Present

Employment record. List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

Partner-Bishop, Cook, Purcell & Reynolds, Wash., D.C.	10/86-Present
Partner-Hart, Carroll & Chavers, Wash., D.C.	10/81-9/86
Assoc. Member, Bd. of Veterans Appeals, Wash., D.C.	10/80-9/81
Asst. U.S. Atty., Dept. of Justice, Wash., D.C.	9/79-10/80
Taxi Driver, Chad Operating Co., Long Island City, NY	4/73-4/74

Military service. List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge.

Appellate Defense Atty., U.S. Army Legal Service Agency, Falls Church, VA

Captain, 10/77-7/79, Honorable Discharge

Asst. Staff Judge Advocate, Ft. Meade, MD, Captain, Trial

Attorney, 10/75-11/77

Government experience

List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments other than those listed above.

Director, Washington D.C. Local Development Corporation

Published writings

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

"Effecitively Using Offers of Proof," The Advocate, Vol. 10, No. 2;
"After the Dust Settles," The Advocate, Vol. 10, No. 5 Coauthored with
Robert I. Reardon, Jr. of Shapiro and Reardon, New London, CT.

Political affiliations and activities

1. List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years.

$5,000 to the Republican National Committee in April 1988,
Republican Eagles; Surrogate Speaker, Bush Quayle '88 Compaign;
$100 to Committee to Re-Elect John Ray in 1987; General Counsel,
D.C. Democratic State Committee 1979-81.

2. List all elective public offices for which you have been a candidate and the month and year of each election involved.

None

Future employment relationships

1. Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

   Yes

2. State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization.

   No

3. What commitments, if any, have been made to you for employment after you leave Federal service?

   None

4. (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

   Yes

5. (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

   Yes

Potential conflicts of interest

1. Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

   None

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

   VA insured loan on rental property located at 1226 Kirby Street, N.W., Washington, D.C. of which I am the 100% owner.

3. Describe any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated.

None

4. Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy.

None

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

Excuse myself from any decision relating to the VA insurance on real estate which I own.

Testifying before the Congress

1. Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

Yes

2. Do you agree to provide such information as is requested by such a committee?

See attachment.

Raoul L. Carroll
214-56-1534

Part I.

5.2. Yes, consistent with the obligations imposed on all officials of the Executive Branch to uphold the Constitution and laws of the United States, including where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31 U.S.C. § 1108, OMB Circular A-11 and Executive Privilege.

Public Service - Public Trust
United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

JUN 28 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mr. Raoul L. Carroll, who has been nominated by President Bush for the position of General Counsel of the Department of Veterans Affairs.

We have reviewed the report and have also obtained advice from the Department concerning any possible conflict in light of its functions and the nominee's proposed duties. The report is supplemented by the enclosed letter from the Designated Agency Ethics Official at the Department of Veterans Affairs dated June 23, 1989. If confirmed, Mr. Carroll has agreed to resign from the law firm of Bishop, Cook, Purcell and Reynolds, and execute a written severance payment agreement under which he will be paid a specific amount for receivables due him as of the date of his departure from the firm. In addition, Mr. Carroll will recuse himself from participating in any particular matters which may affect the firm or any of his former clients.

Based on the foregoing, we believe that Mr. Carroll will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker

Frank Q. Nebeker
Director

Enclosures: As stated

LAW OFFICES
BISHOP, COOK, PURCELL & REYNOLDS
1400 L STREET, N.W.
WASHINGTON, D.C. 20005-3502
(202) 371-5700

WRITER'S DIRECT DIAL

TELEX 440574 INTLAW UI
TELECOPIER (202) 371-5950

September 6, 1989

The Honorable Alan Cranston
Chairman, Senate Committee on Veterans'
Affairs
Russell Senate Office Building, Room 414
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed herewith is the completed original and twenty (20) copies of my answers to your pre-hearing questions which may be used by the Committee in its consideration of my nomination as General Counsel, Department of Veterans Affairs.

If we can be of further assistance or provide any additional information, please do not hesitate to contact me.

Sincerely yours,

Raoul L. Carroll

RLC/pcl
Enclosures

ANSWERS TO PRE-HEARING QUESTIONS SUBMITTED BY SENATOR ALAN CRANSTON

QUESTION 1:

What is your concept of the nature and extent of the Federal Government's obligations to the Nation's Veterans and their dependents and survivors?

ANSWER:

Veterans, their dependents and survivors are the Nation's "first family." Because of the sacrifices made by these dedicated men and women, the United States still ranks first within the community of nations in virtually every important political, social and economic indicator. As a veteran whose life has been enhanced by the support I received from the Department, I remain convinced that among civilian beneficiaries of federal support, veterans should rank first. The nation's veterans are the one constituency that have demonstrated by their actions a willingness to make the ultimate sacrifice to support and defend the social and moral values of this country. For the years they gave to that effort they have earned the support of this country in making the transition to a comfortable civilian life. For those whose return to the civilian environment is further complicated due to service connected disability, every effort should be made to see that they have access to competent medical care and support in overcoming the many problems encountered by disabled persons seeking training and jobs which can comfortably support them and their families.

We further honor our veterans by doing everything within our power to protect their families from lives of economic and social deprivation. Dependents and survivors deserve to know that the Nation has the highest regard for those who have also sacrificed so that the veteran family member could heed the call to defend the United States and its way of life. We owe them the security of knowing that they have the support of this government in providing for their basic needs.

QUESTION 2:

In what ways, if any, do you see the responsibilities of VA's General Counsel in interpreting and construing laws relating to veterans' benefits as different from the responsibilities of General Counsels of other Federal departments and agencies?

ANSWER:

I am committed to the view that the laws relating to veterans' benefits should be administered with the utmost compassion. It is my understanding that the primary purpose of such laws is to provide assistance, not regulate or proscribe conduct. Whenever interpreting the laws in this area, my approach will be to read the law as broadly as possible within prescribed policy limits as articulated by the Secretary and Congress. Though I am no expert in all of the laws relating to other executive departments, my experience suggest that by and large the mandate of the Department of Veterans' Affairs is unique in that its primary mission is to administer the services provided to veterans by Congress. It is not a regulatory department and as its General Counsel my advice to the Secretary will reflect the fact that I perceive our mission to be one which demands that we do as much as we can for veterans with the resources available to us.

QUESTION 3:

A. What plans do you have with regard to the organizational structure and staffing of the Office of the General Counsel?

B. Do you intend to maintain the position of Deputy General Counsel as a career position?

ANSWER:

A. My present objective is to maintain the organizational structure of the office as it currently exist. Of course, I am committed to building a litigation capability within the office which will help facilitate the fastest possible adjudication of cases before the new Court of Veterans' Appeals. Although I have not formally participated in the discussions at the Department regarding the development of the litigation capability, this issue will have my fullest attention if I am confirmed by the Senate.

Otherwise, I am impressed with the quality and stability of the career staff and therefore, do not envision making significant changes at this time.

B. To the extent it is my decision to make, I expect to maintain the position of Deputy General Counsel as a career position. I have been aware for some time of the significant contributions Robert Coy has made to the development of the General Counsel's office and consider that the institutional expertise represented by his presence in the office would be of significant value to the General Counsel. Beyond the personal reference to Mr. Coy, I am still persuaded as of now that the office is best served by limiting access to the position to a career government attorney. I would suggest, however, that the responsibility for seeing that this structure continues to work will lie jointly with the General Counsel and the Deputy General Counsel. Each must have an appreciation of the professional needs of the other and be willing and able to meet those needs.

QUESTION 4:

A. What is your view of the adequacy of available funding for VA to implement the VA judicial review legislation in FY 1989?

B. What is your view of the adequacy of the level of funds requested for fiscal year 1990 for VA to implement the VA judicial review legislation?

ANSWER:

A. While I have been provided some general budgetary information, I have not been briefed in detail on the resource needs of the office. I have been advised, however, that the additional funds made available by Pub. Law. No. 101-45, gave the office adequate resources to implement its Judicial Review responsibilities in FY 1989.

B. Although there is some uncertainty as to the caseload and work demands associated with the new Judicial Review legislation, I have also been advised that the funds requested in the President's budget for FY 1990 should be adequate to carry out the office's Judicial Review assignment. Any major increase in workload, or reduction in funds requested by the President, could result in a different assessment. Since I consider this a high priority, I would assume that we would take whatever steps are necessary to ensure that our Judicial Review responsibilities are met.

QUESTION 5:

What portion of your legal experience has involved or been related to federal agency matters?

ANSWER:

I have been a practicing attorney in Washington for 14 years both in government and in the private sector. During that time, I have spent at least one-half of my time on Federal agency matters. Recently, my private practice has involved matters substantially regulated by HUD, the SEC and the IRS and prior to that, the VA, DOD and DOT. Some projects have involved licensing proceedings, federal grant applications, audits, administrative appeals, legislation, securities registrations and judicial litigation relating to agency rules and regulations.

QUESTION 6:

What in your legal experience do you believe best qualifies you for the position of VA General Counsel?

ANSWER:

Objectively, my background is uniquely suited for the position of VA General Counsel. It is the combination of my experiences which I believe qualify for this position, not a single aspect of my background. However, if pressed to prioritize my experiences which are best suited to the position, I might start with my experience with federal housing insurance programs. For the past six years, I have spent substantial portions of my time assisting local governments and businesses with financing the construction of low and moderate income housing almost all of which was insured or co-insured by HUD. My own research of matters which might require immediate attention at the Department has led me to believe that the VA housing insurance program as primarily embodied in the LGRF is at a critical juncture in its history. My perception is that both the Congress and the Secretary are very eager to get the program back on a sound financial basis. I understand that policies adopted by VA may cause, as they have in the past, problems for HUD, particularly GNMA and therefore, an additional understanding of what goes on at HUD would be valuable to the General Counsel. The need for interagency cooperation with respect to this program may become crucial in the years ahead. I would bring that kind of substantive background to the position of VA General Counsel. In addition, I have broad experience in the area of mortgage finance and mortgage securitization, expertise which I believe would be useful in the ongoing evaluation and execution of the department's loan sale program. Also, as a former federal prosecutor and government appellate attorney, I am well familiar with the resources and legal skills necessary to successfully manage the departments litigation function. Finally, as a former Associate Member of the Board of Veterans Appeals, I am familiar with most of the major issues before that body, especially issues relating to service connection, disability compensation and debt forgiveness. These experiences plus others over the past 14 years have provided me with a broad and unique background which I believe eminently qualify me for the position of VA General Counsel.

QUESTION 7:

In giving advice as General Counsel, do you anticipate giving greater weight to Congressional intent as best as it can be ascertained or to making possible a course of action that Department officials wish to pursue?

ANSWER:

The General Counsel's obligation is to interpret the law. The law is discerned from the various public laws, the federal regulations, the legislative history and court decisions. The will of Congress is best interpreted from a reading of the public law and the legislative history. It has been my experience that everyone charged with executing the laws of the land is sometimes called upon to interpret the will of the legislature. Very often it is a very simple task. Sometimes the task is not so simple. Still, in those instances where the intent of the legislature is difficult to ascertain, I have seen few instances in which the executive actively sought to rewrite the law in the guise of adopting certain policy initiates, particularly, without the support of a concurring legal opinion. As a lawyer, it would be unethical for me to misinterpret the law in order to achieve a contrary political objective. I would never condone or actively participate in unethical behavior. What I anticipate is that the Secretary will expect my best advice as to the meaning of the law. Thereafter, the policy makers must decide if a certain initiative will be undertaken based on my interpretation. My expectation is that policy will be modified, if necessary, such that each initiative lies squarely within the range of options permitted under the law.

QUESTION 8:

A. Prior to your nomination to be VA General Counsel, had you been interested in or active on issues relating to veterans' affairs?

B. If so, in what areas?

ANSWER:

A. Yes.

B. In addition to the one-year I served as an Associate Member of the Board of Veterans Appeals, I have also represented veterans Pro Bono before the BVA as well as before the uniformed services boards for the correction of military records and discharge review boards. While on active duty, I also wrote an article relating to post discharge review proceedings.

ALAN CRANSTON, CALIFORNIA, CHAIRMAN

SPARK M. MATSUNAGA, HAWAII
DENNIS DeCONCINI, ARIZONA
GEORGE J. MITCHELL, MAINE
JOHN D. ROCKEFELLER IV, WEST VIRGINIA
BOB GRAHAM, FLORIDA

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JAMES M. JEFFORDS, VERMONT

JONATHAN R. STEINBERG, CHIEF COUNSEL/STAFF DIRECTOR
ALAN C. PTAK, MINORITY CHIEF COUNSEL/STAFF DIRECTOR

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510-6375

September 21, 1989

Raoul Lord Carroll, Esquire
7821 Morningside Drive, N.W.
Washington, D.C. 20012

Dear Raoul,

In connection with the Committee's consideration of your nomination to be General Counsel of the Department of Veterans Affairs, I received the enclosed letter from Mr. Philip Cushman, National President of Veterans Due Process. I would appreciate it if you would comment in writing on each of the issues raised in this letter so that both Mr. Cushman's letter and your comments can be printed in the record of the Committee's hearing.

Thank you in advance for your cooperation in this matter and congratulations again on your nomination.

With best wishes,

Cordially,

Alan Cranston
Chairman

Enclosure

Veterans Due Process INC.
P.O. BOX 68237 PORTLAND, OREGON 97268-0237
(503) 659-9912

September 20, 1989

Senator Alan Cranston, Chairman (attn: Mr. Thomas Tighe)
Senate Veterans Affairs Committee
414 Russell Senate Office Building
Washington, D.C. 20510

RE: **Mr. Rauol Carroll**

Dear Senator Cranston:

This letter concerns the September 22, 1989, hearing concerning the nomination of Mr. Rauol Carroll to be the General Counsel of the Department of Veterans Affairs. I talked with Mr. Thomas Tighe in your office on this date, who provided information concerning Mr. Carroll's background, and indicated that he would give this letter to Mr. William Brew, who apparently will be actively involved in this particular hearing.

We found it very interesting to learn that Mr. Carroll was an associate member of the Board of Veterans Appeals between October 1980 and September 1981. Consequently, we would appreciate very much your making specific inquiry into the circumstances which caused him to leave the B.V.A. after only 11 months.

We would also appreciate your making Mr. Carroll aware of the October 11, 1977, letter which Mr. Norman J. Johnson sent to you (see the 1977 Senate Committee on Veterans' Affairs Hearing book concerning S. 364: VA Administrative Procedure and Judicial Review Act, 95th Congress, 1st Session, page 786), wherein Mr. Johnson, a "staff legal advisor" to the Board of Veterans' Appeals, indicated, in part:

> "I had previously practiced law for two years and the first thing I had to learn at the B.V.A was to shelve my notions of professional objectivity and procedural due process . . . Early on, I learned that there was a **covert quota system** in effect . . . One was expected to produce a minimum of six decisions a week and I was once cautioned by a panel member not to exceed one dozen per week so as not to drive up management expectations. I cannot believe that justice is accorded its due when the decision process is managed in such a way . . . I want to leave you with one final example of B.V.A. attitutes: I once drafted and dictated an appeals decision granting service connection status for a black, Korean action veteran. The elements of the case were clear . . . the facts and the law were clear, but the decision was returned to me with instructions to deny the claim. I found it difficult to evade the letter of the law and I considered it dishonest to arbitrarily deny the facts in order to reach the decision my supervisor desired. I asked the section

> chairman why the decision was to be a denial. He explained that it was because the veteran was black and all black people eventually get flat feet. It was a "racial characteristic!" I now wonder how many decisions were written or decided by that man in his thirty-odd years with the Board of Veteran's Appeals?"

Please ask Mr. Carroll if during his year with the B.V.A., he encountered circumstances similiar to those described by Mr. Johnson, and if he did, the contribution which said experience(s) made to the decision on his part to leave the V.A. Also, what would be his reaction if confronted with such circumstances, were he to become the General Counsel.

Finally, we would appreciate your asking Mr. Carroll another question. You may recall the prepared statement of Mr. Donald L. Ivers, the present General Counsel, dated April 28, 1988 (see Senate Hearing Book #100-938 concerning S.11 Judicial Review Legislation, 100th Congress, 2nd Session, page 490), which indicates on page 493, the following:

> "Generally speaking, veterans have a special advantage over claimants for other types of **GRATUITOUS BENEFITS**. (emphasis added)

Please ask Mr. Carroll if he either now personally, or if confirmed as General Counsel, would share the opinion of Mr. Ivers that veterans benefits are **gratuities**. If he does believe said benefits to be "gratuitous", please ask him if said opinion encompasses veterans benefits across the board, or only certain programs. Please ask that he be specific concerning which programs are "gratuitous", and which are not.

Thank you very much for permitting us to participate in this process, and we are certain, Senator Cranston, that you share our concern with the "gratuity" oriented questions, as we are aware of articles which you have written concerning said "status".

Thank you.

Sincerely,

Philip E. Cushman
National President

PEC/sss

FEDERAL EXPRESS: 1804040162

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September 26, 1989

The Honorable Alan Cranston
United States Senate
Committee on Veterans' Affairs
414 Russell Senate Office Building
Washington, D.C. 20510-6375

Dear Senator Cranston:

I received your letter dated September 21, 1989, with the accompanying correspondence from Veterans Due Process, Inc. The following answers are provided, per your request, to the questions raised by Veterans Due Process, Inc. The sequence of my answers is the same as for the questions raised in the letter.

- I resigned my appointment to the BVA after one-year because I had concluded that it was more important to continue the development of my practical legal skills than it was to remain in this quasi-judicial position where little of the actual legal work was performed by board members. I was 30 years old at the time of my appointment to the BVA with no private sector experience as a practicing attorney. Subsequent events have confirmed that it was in my best interest to develop legal skills which would stand me in good stead throughout my legal career.

- My decision to leave the BVA was absolutely not related to any actual or perceived bias demonstrated by BVA members or staff. I always assume that the make up of any institution will reflect the community at large with the attendant positive and negative personal characteristics reflected among its personnel. Therefore, I would not deny that Mr. Johnson may have had the experience he described in his letter to you, however, my tenure on the BVA was not tainted by any overt bias against any veteran with a case before any of the members with whom I worked.

The Honorable Alan Cranston
September 26, 1989
Page 2

- I have reviewed the full statement of Mr. Ivers and have discussed it with him and would like to say that the sentence cited by Mr. Cushman is, rather than a firm opinion, the first sentence in a statement intended to point out the special nature of veterans benefits, and not lump them in with other Federal benefits which are not earned and for which there exists no contractual obligation. Taken in its appropriate context, I share Mr. Ivers opinion as to the special nature of veterans' benefits.

Thank you for the opportunity to further expand on my experiences with the BVA and qualifications to serve as General Counsel of the Department of Veterans Affairs. Of course, if there are additional questions, I would be pleased to provide you or your staff with immediate responses.

Very truly yours,

Raoul L. Carroll

RLC/pcl

PREPARED STATEMENT OF
ALLEN B. CLARK
BEFORE THE SENATE VETERAN'S AFFAIRS COMMITTEE
SEPTEMBER 22, 1989

Mr. Chairman, Senator Murkowski, members and staff of the Senate Veterans Affairs Committee;

Thank you for this opportunity to present myself to you as a nominated candidate for the position of Assistant Secretary for Veterans Liaison and Program Coordination at the Department of Veterans Affairs.

It is my extraordinary privilege to have been nominated by President Bush to fulfill this responsibility, if confirmed by the United States Senate.

From my days as an "Army brat," through my years as a cadet at West Point and as a regular army officer, through my years as a disabled veteran, service to my Country has been of paramount importance to me and has always been a special calling for me.

It is an honor to appear before you today. I believe that my experience, background, and desire to serve my Country once again will enable me to fulfill the important duties and responsibilities entrusted to me. I am eager to help my comrades who have given so much to ensure the freedoms we all enjoy.

Mr. Chairman, I would be pleased to answer any questions you may have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name: Clark, Jr. (LAST) Allen (FIRST) B. (OTHER)

Present address: 1515 South Jefferson Davis Hwy.; #1102; Arlington, VA 22202 (CITY) (STATE) (ZIP CODE)

Position to which nominated: Assistant Secretary for Veterans Liaison & Program Coordination

Date of nomination: 17 July 1989

Date of birth: 20 June 1942 (DAY) (MONTH) (YEAR)

Place of birth: McAllen, Texas

Marital status: Married

Full name of spouse: Jacklyn A. Clark

Names and ages of children:
Christina Adell - 15
Sharon Elizabeth - 18

Education:

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
U.S. Military Academy			
(West Point, NY)	1959-1963	B.S.	June 5, 1963
Southern Methodist Univ.			
(Dallas, TX)	1968-1970	M.B.A.	May 21, 1970

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

See Attached - Honors and Awards

HONORS AND AWARDS

Military Service: Member, U. S. Army Green Berets in Vietnam. Retired as a Captain due to wounds received in combat action, necessitating amputation of both legs. Military awards include the Silver Star for Gallantry in Action, Bronze Star, Air Medal, Purple Heart, Vietnam Service (2 battle stars), Combat Infantryman's Badge, and Airborne Wings.

Educational Awards: West Point (academically top 10%. Class of 1963, outstanding debater and first-ranking Spanish language student. Cadet platoon leader). Master of Business Administration, Southern Methodist University (4.0 average, elected to Beta Gamma Signa, business scholastic honorary fraternity, area of specialty-finance and investments).

Special: National Finalist, White House Fellows Competition, 1977; Special Honoree, representing Vietnam War wounded in action, Dallas Salute to Vietnam Veterans, Cotton Bowl, Dallas, 1973; Awardee, 1974 Freedom Foundation at Valley Forge George Washington Honor Certificate for published article, "Green Beret Vet Shares View," and 1977 Sermon, "One Nation Under God."

Memberships List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last five years and any other prior memberships or offices you consider relevant.

Organization	Office held (if any)	Dates
SMU MBA Assn.	Director	1975
Dallas Epilepsy Assn.	Director	1975
West Point Soc. of N. Texas	President	1973
Young Exec. Grp. (Dallas Council on World Affairs)	President	1977
Dallas Amer. Revol. Bicen.Cmte. (Horizons Comm.)	Chairman	1976
Austin Vietnam Vet. Leadership Prog.-	V. Chairman	1986
Boy's State, TX Amer. Legion	Chairman	
Goals for Dallas (Gov't. Task Force)	Coordinator	1977
Special Gifts Div. (Dallas Amer. Heart Assn.)	Chairman	1978
Leadership Dallas Alumni	Chairman	1977
United Way, Austin, TX	Chairman	1980

(CONTINUED ON NEXT PAGE)

Employment record List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

See Attached Page - Employment

Military service List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge.

See Attached Page

Memberships-Past/Present: American Legion, AMVETS, Dallas Assembly; West Point Society of North Texas; Disabled American Veterans; Veterans of Foreign Wars; the Association of the U.S. Army; Special Forces Association, Military Order of the Purple Heart, the Retired Officers' Association; Sons of the American Revolution.

EMPLOYMENT

Employer: NCNB Texas National Bank
Dates: 7/87 to 4/89
Position: Marketing Consultant
Address: 500 Congress
Austin, TX 78701
Tel. #: (512) 397-2799

Employer: Clark-Preston, Inc.
Dates: 2/83 to 7/87
Position: President
Address: 3701 Bee Cave Road #130
Austin, TX 78746
Tel. #: (512) 327-9635

Employer: Thomas D. Coffman Exploration, Inc.
Dates: 7/81 to 2/83
Position: Asst. to the President
Address: 200 E. 10th Street
Austin, Texas 78701
Tel. #: (512) 472-7286

Employer: Veterans Administration
Dates: 6/81 to 8/81
Position: Consultant
Address: 810 Vermont Avenue, N.W.
Washington, DC 20420
Tel. #: (202) 233-3775

Employer: William P. Clements, Jr.
Dates: 12/78 to 6/81
Position: Special Assistant to Governor
Address: State Capitol
Austin, Texas 78711
Tel. #: (512) 463-1790

Employer: Republic National Bank
Dates: 11/70 to 12/78
Position: Vice President - Trust Investments Department
Address: 201 N. Ervay Street
Dallas, Texas 75201
Tel. #: (214) 653-5000

Employer: Electronic Data Systems
Dates: 6/70 to 11/70
Position: Assistant to Chairman
Address: Currently located in Plano, Texas

EMPLOYMENT (cont'd)

Employer: Schneider, Bernet & Hickman
Dates: 6/69 to 9/69
Position: Research Assistant
Address: 3700 First Nat'l. Bank Bldg.
Dallas, Texas 75202

Employer: Southern Methodist University
Dates: 9/68 to 5/69
and 9/69 to 5/70
Position: Graduate Student
Address: Dallas, TX

Employer: National Life Insurance Company
Dates: 6/63 to 7/63
Position: Clerical Assistant
Address: Dallas, Texas

MILITARY

Employer: U. S. Army Brooke General Hospital
Dates: 6/67 to 9/68
Position: Captain - Patient
Address: Ft. Sam Houston, TX
(Retired: Physical Disability)

Employer: U. S. Army
Dates: 8/66 to 6/67
Position: Captain - Area Intelligence Specialist
Address: Det B-57, U.S. Special Forces
Vietnam

Employer: U.S. Army Intelligence School
Dates: 4/66 to 7/66
Position: 1st. Lieutenant - Student
Address: Ft. Holabird

Employer: Headquarters 2nd Armored Division
Dates: 7/65 to 7/66
Position: 1st. Lieutenant - Aide-de-Camp
Address: Ft. Hood, Texas

Employer: 17th Engr. Battalion, 2nd Armored Division
Dates: 4/65 to 7/65
Position: Battalion Operations Officer
Address: Ft. Hood, Texas

Employer: Co. D., 17th Engr. Bn., 2nd Armored Division
Dates: 10/63 to 4/65
Position: Platoon Leader, Co. Exec. Officer
Address: Ft. Hood, Texas

Employer: Student Detachment, Engr. Off. Basic Course
Dates: 6/63 to 10/63
Position: 2nd Lieutenant - Student
Address: Ft. Belvoir, VA

Employer: Co. M-1, USCC
Dates: 7/59 to 6/63
Position: Cadet
Address: West Point, NY 10996

Government experience

List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments other than those listed above.

None

Published writings

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

Oh, God, I'm Dead, Texas Publishers, 1986 (Autobiography)

Op-Ed Article, *Dallas Morning News*, October 16, 1988,

How the Quayle Flap Appears To A Green Beret.

Political affiliations and activities

1. List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years.

Governor Clements Comm. Dallas Co. Co-Chairman - 1978

$100 contribution 1978, $50 - 1986

Reagan-Bush - 1984 - Chairman, Veterans Comm. Texas

Bush-Quayle - 1988, Vice Chairman, Veterans Comm. Texas

Phil Gramm for Senate, 1984 - $100 contribution

** Mayor Lee Cooke Comm., Austin, TX - $200 contribution 1988

2. List all elective public offices for which you have been a candidate and the month and year of each election involved.

Texas State Treasurer, November, 1982

Travis County, Texas, Judge, November 1986

** George Bush Comm. - 1987 - $100, 1988 - $100
Republic Nat'l. Comm. - $25 each year, 1980-1989
George Strake for Lt. Governor $50 1982

Future employment relationships

1. Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate

Yes

2. State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization.

Possibly will reassume Presidency of Clark - Preston, Inc.

3. What commitments, if any, have been made to you for employment after you leave Federal service?

None

4. (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

Yes

5. (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

Yes

Potential conflicts of interest

1. Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

None

3. Describe any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated.

None

4. Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy.

None

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

Not applicable

Testifying before the Congress:

1. Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

Yes

2. Do you agree to provide such information as is requested by such a committee?

See Attached Page 5A

ATTACHED

Yes, consistent with the obligations imposed on all officials of the Executive Branch to uphold the Constitution and laws of the United States, including, where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31, U.S.C., subsection 1108, OMB Circular A-11 and Executive Privilege.

Public Service-Public Trust

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

July 20, 1989

Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Allen B. Clark, Jr., who has been nominated by President Bush to the position of Assistant Secretary of Veterans Affairs for Veterans Liaison and Program Coordination.

We have reviewed the report and have also obtained advice from the Department of Veterans Affairs concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Attached to Mr. Clark's report is a July 10, 1989 memorandum from Mr. Clark to the Department's Assistant General Counsel which outlines those steps he intends to take in order to avoid any actual or apparent conflicts. Based upon these commitments, I believe that Mr. Clark is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker DFC

Frank Q. Nebeker
Director

Enclosure

PRE-HEARING QUESTIONS SUBMITTED BY SENATOR ALAN CRANSTON TO ASSISTANT SECRETARY-DESIGNATE FOR VETERANS LIAISON AND PROGRAM COORDINATION ALLEN B. CLARK, JR.

1. In your view, what are the primary roles and responsibilities of the Office of Veterans Liaison and Program Coordination?

Attachment A reflects my primary roles and responsibilities.

2. If confirmed, what would the staffing configuration be for this office? Please provide the FTEE, grades, and general job descriptions.

Beginning in FY 1990, this office will comprise a total of 26 FTEE. General job descriptions are being written for all 26 FTEEs and are due in VA Personnel Office 30 September 1989.

With regard to the structure and organization of the entire office, please refer to the attached organizational chart.

(See Attachment B)

3. A. Please describe how you view the functions and expected activities of the Assistant Secretary position as they relate to serving as liaison with veterans.

This position will be the primary point of contact for liaison with veterans. I envision the position as the bridge between the VA and veterans to communicate out to veterans and in to the Secretary and other management officials. The VA is here to serve our veterans and I envision our function and all our expected activities to enhance and elevate communication with and service to our veterans.

B. What VA office or offices carried out these functions and activities in the past?

A Special Assistant for Veterans Liaison, who reported directly to the Administrator, conducted these functions and activities in the past.

C. If confirmed as Assistant Secretary, what would be your priorities for the veterans' liaison functions for the first year and thereafter?

The Secretary has charged me with the responsibility of being his principal representatative and liaison to all veterans organizations. My first priority has been to introduce myself to veterans organizations officials at every opportunity to let them know who I am, what I will be doing at the agency, and to encourage them to contact me or my staff at any time they feel it necessary. I have made personal visits to their offices, received them here at VA, conferred with them on a daily basis.

I have been working at VA for several months now as both a consultant and special assistant. During this critical time, I have sought to establish a mutual rapport with these individuals and organizations. I have attempted to do the same among career VA officials as well as with veterans' programs officials at the state, local and private sector levels.

My intention is to foster a spirit of teamwork and cooperation between my office and those groups and individuals whose interests and concerns I have been asked to address. I believe that this will prove to be the most effective and productive means for discharging my liaison functions as Assistant Secretary.

4. A. Please describe how you view the functions and expected activities of the Assistant Secretary position as they relate to program coordination.

The Deputy Assistant Secretary for Program Coordination and Evaluation will be responsible to the Assistant Secretary for program coordination. This program responsibility is new to VA. The detailed requirements inherent in "Program Coordination" are now in the process of being fleshed out. We will require several months of experience in the area to become fully aware of our operational responsibilities. Broadly speaking, however, I intend to promote maximum cooperation between my office and other VA offices which are engaged in the administration of veterans services.

I do not intend to subvert or diminish lines of authority outside my office. In my view program coordination will entail reliance on teamwork and cooperation among two or more VA entities to get the job done. If my staff and I can foster that kind of spirit, we will certainly do so.

B. What VA office or offices carried out these functions and activities in the past?

The Offices of the Administrator and Deputy Administrator carried out these functions and activities in the past.

C. If confirmed as Assistant Secretary, what would be your priorities for the program coordination functions for the first year and thereafter?

My priorities will focus on coordinating within the VA any of the issues/groups as mentioned in Attachment A (6, 8) when more than one entity in VA is involved.

5. What is your concept of the nature and extent of the Federal Government's obligations to the Nation's veterans and their dependents and survivors?

It is my strong belief, partly through my own experience as a disabled veteran, that the fulfillment of the Department's mission to provide benefits and services to our Nation's veterans and their dependents is the most important obligation the Federal Government owes to any of its citizens! The programs, benefits and services administered by VA, as well as the other Federal programs which provide assistance to veterans and their families, are earned entitlements, paid as a result of a contract between the United States and the men and women who serve it in uniform. In many cases, these entitlements cannot begin to repay the individual for the sacrifices and losses they have incurred as a result of that service.

These obligations are not negotiable; they will continue to be incurred so long as we ask our citizens to defend their neighbors and their country. However, neither do they exist to be exploited by those who have not truly earned them. All veterans are entitled to speedy administration of those benefits and services which they have earned under the law. That is their right, and it is our obligation to see that this is accomplished. If our people must serve the country, the country must serve our people.

6. In your response to a question in the Committee's questionnaire regarding your future employment relationships, you state that you "possibly will re-assume presidency of

Clark-Preston, Inc." Please describe the nature of that firm's business and your past financial arrangements with the company and role in it.

Clark-Preston, Inc. was incorporated in 1983 to be a general partner for apartment limited partnerships. At one time Clark-Preston, Inc. provided management and clerical support for six apartment communities. I was President of the company and received compensation for my responsibilities as President.

In my opinion, Clark-Preston will soon cease to be an operating entity and therefore I will not be returning to it. I have resigned as President.

7. Please describe what you see as the appropriate relationship between the Assistant Secretary for Veterans Liaison and Program Coordination and:

A. The Secretary and Deputy Secretary of Veterans Affairs

I report directly to the above. See Attachment A (1, 2, 3 and 12).

B. The other Assistant Secretaries

See Attachment A (5, 7 and 10). I am meeting often already to develop a close working relationship with them.

C. The General Counsel

I intend to be available to interface with him as necessary.

D. the Chief Medical Director, the Chief Benefits Director, and other line officials.

As Assistant Secretary, I intend (indeed, I have already begun) to develop a close and continuous working relationship with the Chiefs of VHS&RA, VBA, the National Cemetery System and other top VA management officials. I will act as the Secretary's direct liaison to veterans and veterans organizations, and am also charged with evaluating the effectiveness of VA programs and monitoring of all VA Advisory Committee activities, among other duties. Consequently, it is absolutely essential for me to be fully cognizant of what is going on in these offices if I am to fulfill these responsibilities. I will keep them informed of veterans' needs and input and will attempt, whenever needed, to facilitate dialogue to them and from them.

8. A. In your response to a question in the Committee's questionnaire regarding your employment record, you indicated that you served as a consultant to the Veterans' Administration from June 1981 to August 1981.

(i) Please describe the work you performed in this capacity and any government payments to you for this work.

> I was nominated by President Reagan as the Deputy Administrator of the VA and was a consultant from approximately June 15, 1981 to July 31, 1981. I was physically at the VA in an office until approximately June 30. Between approximately July 1 and July 10, 1981 I was undergoing discussion about my job responsibility and duties in the Reagan Administration. I returned to Texas o/a July 11, 1981 and sent the Administrator a written report o/a first week of August 1981 with my observations and suggestions for management improvement of the VA. My compensation was $6,215.22. for the entire period.

(ii) During that time period, news reports indicated that you were to be appointed Deputy Administrator of Veterans' Affairs. Please describe the circumstances of your consideration for that or any other VA position at that time and the reasons you were not formally nominated.

> The then Administrator and I had different professional opinions about how I as his Deputy at the Agency should function. It was better for me and the Agency not to allow that condition to continue. I was nominated, but did not have confirmation hearings scheduled.

B. You also indicated that you served as Assistant to the President of Thomas D. Coffman Exploration, Inc., from July 1981 to February 1983, a period that overlaps the June 1981 to August 1981 period during which you indicated you served as a VA consultant. Please explain this overlap, describing the compensation received from both arrangements.

> The approximate period of my VA consultancy was 15 June - July 30, 1981 (To 8/81). My employment with Thomas D. Coffman, Inc. began approximately August 1, 1981. To the best of my recollection on not a single day did I receive compensation from both sources. The entry for 7/81 beginning for Coffman probably was because I was hired late in that month and began work o/a August 1, 1981.

9. A. Please describe your duties in your current position as special assistant to the Secretary of Veterans Affairs.

My specific duties as Special Assistant are:

(1) Becoming familiar with all the duties and responsibilities that would eventually fall under the purview of my official responsibility, if confirmed.

(2) Providing input and suggestions to my two Deputy Assistant Secretaries who are responsible and accountable for Veterans Liaison and Program Coordination.

(3) Attending VSO conventions and meetings to learn what their concerns, agenda and needs are so that I can fulfill my responsibilities under Attachment A (1, 2, 3 and 9).

B. Have you begun representing the Secretary in liaison or program-coordination activities? If so, please provide details of such representational activities and explain why you believe that such activities were appropriate even though you had not been confirmed in the position to which you were nominated.

Yes, as Special Assistant to the Secretary, I have been meeting with various people, following up on questions, and advising the Secretary and Deputy Secretary on matters relating to veterans' issues.

10. A. How would you characterize the traditional role of the various veterans' organizations in the decision-making process at VA?

The department looks to the veterans service organizations for constructive advice. As an example, there are over 30 advisory committees on numerous subjects, a Veterans Day Committee, search committees, and commissions that representatives from the various veterans organizations serve on, providing their input from the organization and membership they serve.

The views and concerns of all veterans organizations are important elements to be considered in the development of all policies and decisions which impact on veterans and the veteran community. For the most part, veterans organizations constitute a valuable resource of knowledge and experience in the handling of veterans affairs; in making VA policy, these resources should always be considered. This is not to say that VA should only institute those policies which would placate the interests of veterans organizations.

B. Would you seek to change this role in any way?

In my opinion, veterans organizations are an important part of the veterans benefits delivery system. Without them, I do not believe VA could be as successful as it clearly has been in administering these entitlement programs. Throughout its history, VA has maintained a close relationship, based on sharing of ideals and mutual trust, with the veteran community. I do not believe that this should be changed or disrupted in any way. As Assistant Secretary, I will ensure that the lines of communication and cooperation remain solidly open, and I will certainly seek to strengthen them during the time I remain in this office. We could not operate as effectively as we do without their volunteers, claims representatives and input.

C. Do you have a view as to which veterans organizations you would be most actively involved in working with if confirmed?

In conducting an effective liaison program, I would place more of an emphasis on those organizations which provide benefits and representational services to veterans, the veterans service organization, if you will, since these organization's activities and charters are an integral part of why we are here together serving veterans. I will make every effort to be as responsive and cooperative with all veterans organizations, no matter what their size or orientation or whether they are chartered or authorized to do claims work.

11. The popular press and other media have discussed a "generation gap" in veterans' organizations, primarily reflecting an alleged split between veterans who served prior to the Vietnam era and those who served during and after Vietnam.

A. Do you agree that there is such a generation gap or tension among or within these organizations?

Each organization has its own criteria for membership and have varying priorities or specific areas of interest that their organizations address. Examples would be organizations such as Blinded Veterans of America (BVA) concentrating on issues of specific concern to blinded veterans, or Paralyzed Veterans of America (PVA) being the leader in addressing spinal cord injured veterans. Even though some organizations just address certain issues, all of them are concerned about quality care and benefits for all of our nation's veterans.

I am well aware of the supposed divisions among some veterans organizations which have received some publicity in the public's eye. Without speculating as to whether the veteran's community has indeed been split by parochial interests and/or competing priorities, it is my view, and has always been my view, that veterans are veterans, that VA exists to serve all veterans, regardless of their individual demographic characteristics.

The older chartered organizations are doing admirably well as organizations to welcome and involve Vietnam Era Veterans. There is a natural cultural/psychological phenomenon between anyone anywhere who is older, "more experienced," etc. to not totally and immediately accept the junior/newer members of anything.

B. If so, how would you address this issue in working with veterans organizations if confirmed?

The VA exists to ensure that all veterans receive the assistance and benefits to which each may be entitled, regardless of period of service, or type of service. It is my job to see to it that this reality is quietly and effectively relayed to all veterans, and that they are assured that VA is working for all.

Naturally, this does not mean that divisions and disagreements among veterans organizations, and between veterans themselves, can merely be dismissed in a cavalier fashion. I intend to consider all points of view equally and to work with all veterans and their organizations in order to get the job done. I believe that this can be successfully accomplished through speaking the truth, laying out the facts as they exist on each particular position, and by use of reasoned discourse and demonstrated mutual respect. By and large, we are all members of the same community; regardless of differences of opinion, I believe we all want the same thing, to care for our veterans and their families, and we can and will work as a team to ensure that this goal is reached every day.

12. Please indicate the role you would play if confirmed in seeking to coordinate programs, such as those relating to Agent Orange, PTSD, former Prisoners of War, and women veterans, that cut across organizational lines in VA.

These issues are among the most important veterans concerns which now confront the agency. Consequently, many different individuals and staff offices throughout the agency have a responsibility for adequately addressing them.

To do this, it will be necessary for me to remain abreast of all current developments, decisions, rulings and program initiatives regarding these matters which are ongoing within VA. I intend to work with all VA offices and personnel involved in order to help them accomplish their tasks, and to enable me to consult effectively with non-VA officials and organizations who are also concerned with these issues.

I do not want my activities, nor those of my staff, to interfere with the various VA staff offices as they seek to address these critical issues. My staff will act as facilitators in this regard, not as impediments.

13. A. In your response to another question in the Committee's questionnaire, you list your membership in several veterans' organizations. Please indicate how, if at all, you believe that your membership or non-membership in a particular veterans' organization will affect your actions or judgment if you are confirmed.

If I am confirmed, my judgment or actions, will not be affected by membership or non-membership in a particular veterans organization.

B. (i) Please describe the policy you would seek to follow if confirmed in providing representatives of veterans' organizations with access to you and to the Secretary and other departmental officials.

Every veterans organization will have direct access at all times to me. The Secretary will be available for access if they contact him directly or if I feel an issue merits his personal attention.

(ii) Would you or representatives of your office plan to monitor or be present at all meetings of VA officials with veterans' organization representatives?

We would be present when and if, our presence would be helpful to the VSOs and/or our people.

C. Would it be your plan to meet with representatives of veterans' organizations on a regular basis?

Yes.

(i) If so, how often would you seek to hold such meetings?

It is my desire to have a meeting every two months with the Secretary and all representatives of the chartered organizations as a group. I will be in constant telephone contact with the VSOs and meet personally with them on an intermittent basis, as necessary. Any non-chartered organization has full access to me also.

(ii) If not, please state your reasons.

D. (i) Would you recommend to the Secretary and or Deputy Secretary that either or both meet with these representatives on a regular basis?

Yes.

(ii) If so, how frequently would such meetings occur and would such meetings be with the representatives collectively or separately?

If any VSO wants a personal, separate meeting with the Secretary or Deputy, there is no prohibition. We will not be restricted to any formal policy for meetings. We will meet as often as is mutually satisfactory.

E. In your view, what criteria should be used in selecting veterans' organizations to be represented at such meetings?

See "C" above.

14. A. Will the program evaluation required under section 219 of Title 38, United States Code, be conducted under the Assistant Secretary's supervision by the Deputy Assistant Secretary for Program Coordination and Evaluation or through outside contractors?

Both VA personnel and outside contractors will be used but under the control of the DAS (PC&E).

B. [If through contractors] please specify which VA organizational element will serve as "contract manager" for technical work and the dollar amount that will be set aside for conducting evaluations under such contracts.

I anticipate that program evaluations will be conducted both by staff of the Office of Program Coordination and Evaluation (PC&E) and by outside contractors. When conducted by Contractors, staff from PC&E will serve as Contracting Officer's Representative (COR) or Task Order Project Manager (TOPM) in those instances in which the VA Management Studies Contracts are used. I believe that it is essential that in-house staff actually conduct evaluations themselves so that they have sufficient expertise to develop the required Statements of Work that define in technical terms the work to be performed under the contracts and then to properly monitor and direct the performance of the contractors. In FY 1990, a total of $300,000 has been designated for contract program evaluations and we are requesting increased funding for FY 1991.

C. How many evaluations will be conducted each fiscal year? We do not know yet. It will depend on degree of staff involvement necessary and available financial resources allowed in each year's budget.

D. On what program will section 219 evaluations be conducted in FY 90?

A Vocational Rehabilitation evaluation will be completed by a contractor by June 1990.

The resources available for program evaluation in terms of both staff and contractual funds are very limited (six FTEE and $300,000 in FY 1990) and require that we reexamine program evaluation. We are now in the process of completely reexamining the process used. Our goal is to design a process that: meets the requirements of Title 38, section 219, and the needs of the Secretary and other top VA managers; is efficient and coordinated with the VA processes for planning, program review, and budget formulation and execution; ensures sufficient objectivity; and can be performed within available resources. We expect to complete this review and put a new process in place within the next few months and will be pleased to provide information at that time on programs to be evaluated during FY 1990 and beyond.

15.A.(i) What reviews have you undertaken regarding the work processes (including project direction and leadership) used by the former Office of Program Analysis and Evaluation (PA&E) in conducting program evaluations and other studies of similar magnitude and scope?

> I have been briefed on the manner in which program evaluation has been conducted by the VA over the years. In April 1987, a limited three year plan for program evaluation was approved and has been followed in a timely manner until the recent abolishment of OPA&E. The evaluations of the VA Nursing Home Programs and the Chapter 30 Education program were completed under contract while those of the Restored Entitlement Program and Dietetics were conducted by in-house staff. (Dietetics is in progress and a draft report is expected to be completed in October. The Vocational Rehabilitation evaluation is expected to be completed under contract by spring of 1990.)

(ii) What were your findings and recommendations in this regard, particularly in regard to producing such studies on schedule and within prescribed resources?

> I am convinced that significant improvements can be made to enhance the timeliness and usefulness of program evaluation. As mentioned earlier, we will be reexamining program evaluation and implementing a new process.

(iii) Given your extensive experience in the private sector, what is your assessment of the quality, timeliness, and cost-effectiveness of program evaluations that were conducted by the OPA&E, as compared to program evaluations that were conducted contractually for VA through private sector firms?

> Although I am not in a position to make an overall comparison between evaluations conducted by in-house staff over the years versus those conducted by contract, I am advised that they have been generally comparable during the past two years. A recent analysis found that contracted evaluations have cost approximately $41 per staff hour by the contractor while the average in-house cost for the entire OPA&E averaged approximately $21 per staff hour. Contracted evaluations provide somewhat greater incentive for completion of the review process because the contract specifies response time by the VA, however, extensions frequently have had to be granted on contracts because the contractor could not meet the required schedule. In-house staff tends to be diverted to other, more urgent, tasks and routine administrative functions which generally causes schedule slippage. Contractors usually adhere to schedule

yet tend to require greater orientation time and require in-house staff for developing the Statement of Work and monitoring the contractors' work.

(iv) What discussions have you had with the Chief Benefits Director, the Chief Medical Director, and the Deputy Secretary as to the role of program evaluations and the general manner in which they should be conducted?

Our reexamination has included discussions with the Chief Benefits Director, Chief Medical Director, and other top officials to ensure that the new process is designed to meet their needs as well. The Deputy Secretary and I have discussed program evaluation and are in agreement that the Department needs a process that is timely, efficient, and useful. He has assured me of his interest and support. We intend to use a mixture of in-house staff and contractors to conduct program evaluations and take advantage of the strengths of each. We need to ensure there is not an adversarial relationship, but a more cooperative/consultative effort. I have asked for input as to what programs each feels we should evaluate.

15. B. What is your analysis of the adequacy of the assessment of VA's program evaluation function which then-Administrator Turnage informed me (in his letter of NOvember 6, 1987) would be conducted by a private sector contractor?

I am informed that an assessment by a contractor was not performed. I have reviewed a paper prepared by OPA&E in December 1987 which proposed enhancement in the review process and presented options for improvement in the overall program evaluation process.

C. Please comment on the points raised in the attached correspondence, especially the adequacy of the VA's evaluation design for the MEPP program.

I have been briefed on the Management Efficiency Pilot Program (MEPP) and the evaluation design being used. I recognize that the improvements anticipated from the program, while expected to be very meaningful, will also be very difficult to quantify. The research design for the evaluation takes VA administrative complexity into consideration and attempts to use as many different techniques as possible to assess the results. The first year's evaluation has been completed and a summary was provided to the appropriate Congressional committees on

June 30, 1989. The full Report is available. I think you will find that MEPP has been very successful during the first year and will provide good baseline data for comparison after the second and third years. It should be noted that the first year was a partial, startup year since most of the waiver requests approved or conditionally approved were not available for implementation until well into the year. It should also be noted that the results are not yet well quantified after the first year and are largely visible through the perceptions of the pilot site managers. We expect greater identification and quantification of the results during the course of the program but the most conclusive data will come from the evaluation after the third year.

September 15, 1989

7

ATTACHMENT A

ASSISTANT SECRETARY FOR VETERANS LIAISON AND PROGRAM COORDINATION

1. Advises the Secretary and Deputy Secretary regarding the attitudes and interests of veterans and Veterans' Service Organizations in VA programs and policies;

2. Develops and presents plans of action on VA's policies and/or programs where veterans' interests are high;

3. Advises, and provides assessments to the Secretary and Deputy Secretary on the impact of proposed legislation and program activities among veterans and organizations representing them;

4. As directed by the Secretary, oversees the conduct of indepth, independent evaluations of the effectiveness, efficiency and impact of legislated VA programs (Title 38, U.S.C. 219);

5. Recommends and assists other Assistant Secretaries in the formulation of Department positions concerning policy and program issues associated with veterans concerns and interests;

6. Provides liaison between program officials and Veterans Service Organizations relative to special emphasis programs such as the AIDS, Homeless, Agent Orange and Radiation programs;

7. Provides liaison with staffs of appropriate Assistant Secretaries relative to ceremonies honoring special events such as Veterans Day, Memorial Day, POW/MIA Day, Salute to Hospitalized Veterans and, Golden Age Games;

8. Serves as the coordinator of various special interest programs with minority veterans groups (black, Native American, Hispanic-American, Asian-Pacific Islander American and women veterans) to monitor and promote access of members to VA services and benefits;

9. Acts as the Department liaison with Veterans Service Organizations, ensuring exchange of information and concerns;

10. In collaboration with other Assistant Secretaries coordinates VA inter-governmental affairs policy;

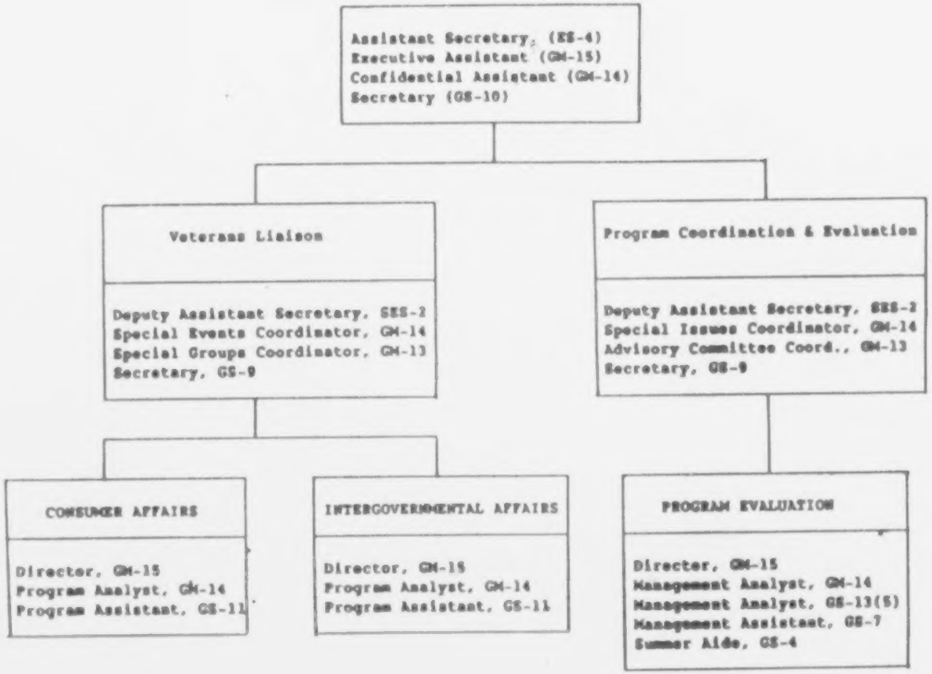
11. Formulates policies and plans for the VA's Consumer Affairs Program and ensures that the program is carried out effectively;

12. Provides the Secretary and Deputy Secretary with analyses of potential consumer trends, through complaints analysis, and surveys;

13. Coordinates advisory committee proceedings to eliminate duplication of effort, appointments to committees, and provides guidance and direction as needs dictate;

14. Directs the review, analysis, and response to complaints and allegations.

FY 1990
ORGANIZATIONAL CHART
OFFICE OF VETERANS LIAISON AND PROGRAM COORDINATION


Assistant Secretary, (ES-4)
Executive Assistant (GM-15)
Confidential Assistant (GM-14)
Secretary (GS-10)
Veterans Liaison
Deputy Assistant Secretary, SES-2
Special Events Coordinator, GM-14
Special Groups Coordinator, GM-13
Secretary, GS-9
Program Coordination & Evaluation
Deputy Assistant Secretary, SES-2
Special Issues Coordinator, GM-14
Advisory Committee Coord., GM-13
Secretary, GS-9
CONSUMER AFFAIRS
Director, GM-15
Program Analyst, GM-14
Program Assistant, GS-11
INTERGOVERNMENTAL AFFAIRS
Director, GM-15
Program Analyst, GM-14
Program Assistant, GS-11
PROGRAM EVALUATION
Director, GM-15
Management Analyst, GM-14
Management Analyst, GS-13(5)
Management Assistant, GS-7
Summer Aide, GS-4

ATTACHMENT B

Assistant Secretary
for Veterans Liaison
and Program Coordination

Washington DC 20420

Department of
Veterans Affairs

September 28, 1989

In Reply Refer to

Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510-6375

Dear Mr. Chairman:

As you have requested, I am enclosing my written responses to the Committee's post-confirmation hearing follow-up questions which were forwarded with your letter of September 26, 1989.

I hope that you will find these responses helpful and informative. If I can be of further service to you or the Committee, please let me know at your convenience.

Sincerely yours,

For Allen B. Clark, Jr.
Special Assistant to
the Secretary

Enclosure

RESPONSES TO HEARING QUESTIONS SUBMITTED BY SENATOR CRANSTON TO ASSISTANT SECRETARY-DESIGNATE FOR VETERANS LIAISON AND PROGRAM COORDINATION ALLEN B. CLARK, JR. ON SEPTEMBER 22, 1989

3. Allen, in your response to my pre-hearing question 14.D., with regard to program evaluations, you say that you are reexamining VA's program evaluation process, and will put a new process in place within the next few months. Since program evaluations are required under Section 219 of Title 38, would you be willing to share that new process with the Committee before you implement it?

> I would be pleased to provide the Committee with a copy. I would also appreciate any suggestions you may have concerning the types of evaluations that would be most useful to the Committee and any particular programs you believe should be evaluated on a priority basis. Concerning the latter, any issues relating to these programs that you feel should be addressed would also be helpful.

4. An August 30, 1988, survey of employees of VA's Studies and Evaluation Service, carried out by the Director of the former Office of Program Analysis and Evaluation, concluded that the Congressional mandate in conducting Section 219 studies was not being met by that Service and that the management of that Service tolerated an atmosphere of divisiveness in the conduct of its work. Would you please review this survey and its findings, and submit, in writing for the record, your views on the survey's findings and how you will avoid the problems that this study points up were experienced by the prior organizational structure?

> The survey to which you referred was conducted in 1988 of the entire Office of Program Analysis and Evaluation and was intended to be an internal, relatively informal survey which could be used to find ways the Office could be more innovative and creative. I think it is important to note that 25 of the 51 people on the roll at the time the survey was conducted had departed by the time the remaining staff was dispersed in June of this year. The relevance of the results of the survey is, therefore, very questionable.
>
> I believe the concern expressed by employees over program evaluation was a matter of frustration over the resources that could be assigned to that function. We are reexamining the process with the aim of designing and implementing a new process. Our challenge is to design a process that is timely, useful, and meets the needs of the Secretary and other top management officials as well as the Congress with the resources assigned to this office.
>
> I am confident that a well designed process coupled with a proactive management style will produce meaningful program evaluations and a rewarding working environment. That is what I intend to accomplish.

5. Section 220 of title 38 requires the Secretary of Veterans Affairs to seek to achieve maximum feasible effectiveness, coordination, and inter-relationship of services among all Federal programs and activities affecting veterans and to promote actively the effective consideration, emphasis, or preference for veterans. Would part of your responsibilities, if confirmed as Assistant Secretary for Veterans Liaison and Program Coordination, be to assist the Secretary in carrying out this responsibility, and, if so, how would you plan to do so?

Yes, I certainly believe that if confirmed as an Assistant Secretary it would be my responsibility to assist the Secretary of Veterans Affairs in carrying out the responsibilities outlined, in Section 220 of Title 38.

As Assistant Secretary for Veterans' Liaison and Program Coordination, I would have principal responsibility for advising the Secretary and Deputy regarding attitudes and interests of veterans and veterans service organizations. Obviously, veterans and veterans service organizations have a direct interest in ensuring that Federal programs achieve maximum effectiveness, coordination, and inter-relationship of services affecting them. My role would be to provide advice to the Secretary on these issues and to present recommendations to him on Federal policies and programs where veterans interests are high.

Another of my responsibilities, if confirmed, would be to manage VA's Office of Intergovernmental Affairs and the Office of Consumer Affairs. Both staff offices provide very effective vehicles for the establishment of productive working relationships with Federal, state and local government agencies, as well as the private sector.

If confirmed by the Senate, you can be assured that I will work diligently as an advocate for veterans programs and interests throughout the United States.

OPENING REMARKS

S. ANTHONY MCCANN

ASSISTANT SECRETARY (DESIGNATE) FOR FINANCE AND PLANNING

DEPARTMENT OF VETERANS AFFAIRS

Thank you, Mr. Chairman, for the opportunity to appear before you and the members of this Committee as the President's designee to become the Assistant Secretary for Finance and Planning in the Department of Veterans Affairs. I would like to express my gratitude to President Bush as well as Secretary Edward Derwinski and Deputy Secretary Tony Principi for placing their faith in me to carry out the functions of this office.

America owes a deep and continuing commitment to its veterans. Both Secretary Derwinski and Deputy Secretary Principi strongly support this commitment. I share their view and am prepared to vigorously support their roles as forceful advocates for veterans programs within the Executive Branch and Cocngress.

As you may know, Mr. Chairman, I spent 6 years working with the Senate Budget Committee, under the leadership of Senator Domenici. I am keenly aware of the importance of sound working relationships with the committees of Congress. Developing such relationships with the Senate Veterans Affairs Committee and the other relevant committees as well as with individual members and their staffs will be one of my highest priorities. In this regard, I would like to thank you, the members of the committee and the committee staff for the consideration and many courtesies they have shown me.

The Assistant Secretary's primary responsibility is to assure that planning, budget, and financial management functions support the operating agencies' mission of providing the highest quality services to America's veterans. This responsibility requires the active support and participation of these agencies.

Let me be clear, Mr. Chairman. It is my belief that the primary planning and budgeting responsibilities rest with the line agencies of the department. It is the function of the office of the Assistant Secretary to assure that Presidential and other government-wide policies, management initiatives and inevitable resource restraints are recognized and incorporated in agency plans and budgets. Similarly, plans and budgets must follow the policy directions of The Secretary and include sufficient information to assure that his goals and objectives will be accomplished.

I will implement an open, participatory process that recognizes the roles played by both the line agencies of the department as well as the staff offices, such as finance, budget, management and planning. I am convinced that such an approach is the most effective way to assure a smooth working relationship with the various parts of this diverse department and offers the best chance of accomplishing the agency's goals.

The Assistant Secretary for Finance and Planning is the department's Chief Financial Officer as well as having responsibilities in the planning and management areas. In carrying out these duties, I will be committed to the proposition that we, in the Federal government have a responsibility to properly manage the funds provided to us by the American taxpayer. Misuse of Federal funds not only wastes taxpayers' money, it undermines the faith of the American people in the program involved and in government as an institution.

Mr. Chairman, I look forward to the opportunity to work with you, the other members of the Committee and the committee staff in carrying the agency's mission of serving America's veterans.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name McCann (LAST) Samuel (FIRST) Anthony (OTHER)

Present address 211 Indian Spring Dr., Silver Spring, MD 20901 (CITY) (STATE) (ZIP CODE)

Position to which nominated Asst. Sec. Finance & Planning Dept. of Veterans Affairs

Date of nomination June 20, 1989

Date of birth 9 (DAY) 9 (MONTH) 43 (YEAR)

Place of birth Washington, DC

Marital status Married

Full name of spouse Jo Ann McCann

Names and ages of children Spencer Anthony / 18

Catherine Elizabeth / 15

Education

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
Montgomery Blair H.S. Silver Spring, MD	9/58-6/61	Diploma	6/61
Montgomery Junior College Silver Spring, MD	9/61-6/63	(transfer)	6/63
Lake Forest College Lake Forest, IL	6/63-6/66	BA	6/66
Syracuse University Syracuse, NY	9/66-4/72	MA	6/69

Honors and awards List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement

NONE

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last five years and any other prior memberships or offices you consider relevant.

Organization	Office held (if any)	Dates
Health Policy Forum	Steering Committee	1986 - Present
National Institutes of Education	Advisory Board	11/88 - Present

Employment record: List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

See Attachment #1

Military service: List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge.

NONE

EMPLOYMENT

5/89-Present	Consultant/Special Assist to Secretary	Department of Veterans Affairs	Washington, DC
1/89-Present	Adjunct Faculty (Part time)	Trinity College	Washington, DC
3/86-3/89	Assistant Secretary for Management-Budget	U.S. Dept of Health Human Services	Washington, DC
3/81-3/86	Professional Staff Member	U.S. Senate Committee on the Budget	Washington, DC
7/79-3/81	Visiting Professor/ Associate Director	Nat. Assoc. of Counties IPA to the U.S. Office of Personnel Management	Washington, DC
4/73-4/79	Research Associate/ Project Director	Nat. Assoc. of Counties	Washington, DC
4/72-4/73	Research Technician	Div. of Research & Develop Onondaga County Government	Syracuse, NY
3/73-4/73	Part Time Sales	Radio Shack	N. Syracuse, NY
1/69-6/72	Various Graduate Assistantships	Syracuse University	Syracuse, NY
6/67-9/67	Salesman/Warehouseman	Central Restaurant Supply	Syracuse, NY
Summer '64-'66	Warehouseman	Adams Burch, Co.	Tuxedo, MD

Attachment #1

Government experience

List any advisory, consultative, honorary or other part-time service or positions with Federal, State or local governments other than those listed above

Speech to Preventive Health Residents, 4/11/89 under auspices of
Centers for Desease Control, Dept. of Health and Human Services

Published writings

List the titles, publishers and dates of books, articles, reports or other published materials you have written

"Law Enforcement Agencies in Urban Counties" in The County Yearbook, 1975
Several articles in "County News" the Newspaper/Newsletter of the
National Association of Counties (1972-78)

Political affiliations and activities

1. List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years

$100 Contribution	Bush for President	
Consultant (part time)	Rep. Senatorial Campaign Committee	1986

2. List all elective public offices for which you have been a candidate and the month and year of each election involved

NONE

Future employment relationships

1. Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

N/A

2. State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association or organization.

N/A

3. What commitments, if any, have been made to you for employment after you leave Federal service?

NONE

4. (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

N/A

5. (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

YES

Potential conflicts of interest

1. Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

NONE

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

NONE

3 Describe any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated.

NONE

4 Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy.

NONE

5 Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

N/A

Testifying before the Congress

1 Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

YES

2 Do you agree to provide such information as is requested by such a committee?

Yes, consistent with the obligations imposed on all officials of the Executive Branch to uphold the Constitution and laws of the Uniteds States, including, where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31 U.S.C. § 1108, OMB Circular A-11 and Executive Privilege.

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

July 10, 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Samuel A. McCann, who has been nominated by President Bush for the position of Assistant Secretary for Finance and Planning of the Department of Veterans' Affairs.

The report has been reviewed and advice obtained from the Department of Veterans's Affairs concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. The report is supplemented by the enclosed letter from the Designated Agency Ethics Official at the Department of Veterans' Affairs dated June 23, 1989.

Based thereon, we believe that Mr. McCann is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker by G.D.

Frank Q. Nebeker
Director

Enclosure

9/12/89

PRE-HEARING QUESTIONS SUBMITTED BY SENATOR ALAN CRANSTON TO
ASSISTANT SECRETARY-DESIGNATE FOR FINANCE AND PLANNING
S. ANTHONY McCANN

1.

A. **What do you see as the primary roles and responsibilities of the Office of Finance and Planning?**

The primary responsibility of the Assistant Secretary for Finance and Planning is to carry out the duties assigned to the Chief Financial Officer as detailed in P.L. 100-527 and the additional activities identified in the Assistant Secretary's Functional Statement. Within this broad framework the functions of the office seem to be:

o Support the line agencies of the Department of Veterans Affairs in the accomplishment of their mission within the broad limitations facing any federal agency.

o Assure that the agency's mission of serving America's veterans is accomplished in the most effective and efficient manner possible.

o To be an advocate for adequate funding with OMB and, in concert with the Assistant Secretary for Congressional and Public Affairs, the Congress.

o Assure that the stewardship of taxpayers funds is carried out in the most responsible manner possible. This role includes not only establishing systems and procedures for proper accounting for federal funds, but the assurance that the Department is managing federal resources as carefully as possible. It also includes an aggressive pursuit of internal controls weaknesses and the consistent monitoring of programs to remedy such weaknesses.

o Supervise a process to assure that rigorous planning is occurring in the line and staff elements of the Department. An integral part of this process would be to insure that the policies of the President and Secretary are reflected in program and operating plans of the agencies and staff offices.

1.
B. **What role do you foresee for the Assistant Secretary in formulating substantive VA policies?**

As Chief Financial Officer and a member of the Senior Staff of the Department of Veterans Affairs, I foresee three aspects to my role in policy making, should I be confirmed; 1) to advise the Secretary on budgetary, financial, planning and managerial issues; 2) to provide reliable indicators and accurate statistical data to assist in the decision making process; 3) To provide advice to the Secretary, at his request, on broader management, programmatic and policy issues.

1.
C. **What general roles and responsibilities do you envision for the planning and management analysis functions which will be carried out, under the Assistant Secretary's supervision, through the Deputy Assistant Secretary (DAS) for Planning and Management Analysis?**

The Deputy Assistant Secretary for Planning and Management Analysis will be responsible for developing and maintaining a VA strategic planning process to support implementation of Departmental goals and objectives; providing statistical and demographic information and analyses to support agency level planning and budgeting; implementing a management control program to carry out responsibilities contained in the Federal Managers Integrity Act, OMB Circular A-123 (Internal Controls Systems), and the IG Act Amendments of 1988; conducting organizational, management improvement, productivity, and economic analyses studies for issues requiring VA top management attention; and overseeing the Commercial Activities Program (OMB Circular A-76) for the agency.

2. **Please explain why your appointment as Assistant Secretary for Management and Budget of the Department of Health and Human Services did not require the advice and consent of the Senate.**

The Assistant Secretary for Management and Budget of the Department of Health and Human Services was historically held by a career official. My predecessor was appointed as a non-career member of the Senior Executive Service. I was appointed under the same conditions.

3. **As Assistant Secretary for Management and Budget of HHS, you frequently were called on to defend and implement Reagan Administration budget proposals for large cuts in major federal benefit programs, such as Medicaid and Medicare. One such proposal would have cut more than $1 billion in federal Medicaid funding at least partly by transferring these costs to the States. Do you believe similar drastic cuts are necessary in the many benefit programs administered by VA? If so, what guidelines and priorities would you apply in formulating your advice to the Secretary on budget cutting?**

The health service program of the Department of Veterans Affairs is primarily a direct service program rather than a method to finance health care provided by others. Further, the American people, acting through the VA have a special responsibility to provide care to those eligible veterans injured or disabled in the service of their country. This responsibility solely rests with the VA-it is not shared with other agencies or levels of government. Given the commitment of the federal government to America's veterans, the nature of the veterans population seeking care in VHSRA and the absence of alternative sources of aid, it does not appear that limitations in the funding of health care services are appropriate.

4. **During your tenure at HHS, you defended a Reagan Administration proposal that would have indexed the Medicare Part-B deductible to the rate of inflation which would have placed more of the burden of increasing medical costs on the disabled and elderly persons who are Medicare beneficiaries. Do you favor shifting more of the costs of veterans' programs in general -- or any particular such programs -- to veterans? If so, to what programs would you apply this approach and what methods would you consider using in order to shift the costs?**

There is a substantial difference in the demographic and economic characteristics of the Medicare population and veterans who seek care in VA institutions. In addition, as I indicated earlier, we have a special responsibility to those veterans injured or disabled in the service of their country.

The Congress has already enacted a means test to assure that category C veterans assist in defraying the cost of their care and tied the increases in fees to the

4. **(continued from previous page)**

Medicare inpatient deductible. I do not believe that any further attempt should be made to increase the "out of pocket" costs of VA health care or other services without careful study and assurances that services to eligible veterans will not be affected.

5. **What is your concept of the nature and extent of the Federal Governments's obligations to the Nation's veterans and their dependents and survivors?**

America owes a continuing and deep commitment to its veterans. This commitment is, in fact, an extension of the cost of providing for the defense of the Nation. Veterans are an integral part of our American society and, as such, are as concerned about economic prosperity as the non-veteran. As such they share in the concern that the Federal Government keep its demands on the American taxpayer as small as possible and strive to put its economic house in order. We, in the federal government also have a responsibility to assure that those funds that are given to us to provide goods and services are used as efficiently and effectively as possible, to manage these resources as rigorously as possible, and to prevent fraud and abuse which not only wastes federal dollars but undermines the faith of the American people in the program involved and in government as an institution.

6. **You have served on the congressionally-mandated management council overseeing implementation of the FTS 2000 federal telecommunications network. The contracting process for this enormous system has been controversial. Do you believe that FTS 2000 represents a good model for planning, contracting for, and implementing the acquisition of large-scale Federal Government technology? Please state the reasons for your conclusion.**

The use of a Management Council composed of major users of telecommunications is an important first step to increasing the involvement of consumer agencies in the management of central agencies such as the General Services Administration. Improved communications are essential for better relations between central and line agencies and such an improved relationship can go far

6. **(continued from previous page)**

to helping the VA achieve its mission in a more effective and efficient manner.

Minutes of the Council will indicate that I argued for an even more aggressive role for the council--including the detailed review of the Telecommunications Fund budget (which is made up of monies appropriated to agencies represented on the council) and greater policy involvement of the council in establishment of requirements prior to the solicitation for proposals. Since the users will ultimately pay for the service, they should have meaningful input into the policies that underlie the formal contract.

I also proposed, and the council adopted, a motion requiring the President's Council on Integrity and Efficiency to conduct an audit of the Telecommunications Fund and to specifically determine the indirect costs that represent the difference between the cost of the service to GSA and the charge to the agencies.

While I was a member of the Management Council, I was not on the source selection board that evaluated the various proposals. My impression is that the evaluation was done in a secure and professional environment. I have no basis to evaluate the technical factors or evaluation criteria of the various proposals.

7. **Please describe your involvement in the 1987 controversy involving attempts by the HHS Assistant Secretary for Population Affairs to restrict the Department's $14 million research program on teen pregnancy.**

o In March of 1987, I received a note from the Chief of Staff instructing me to prepare the necessary documents to transfer the "Teen Pregnancy Program" (Adolescent Family Life Program [AFL], Title XX of the Public Health Service Act) from the Public Health Service to the Family Support Administration. Early in his Administration, the Secretary had placed responsibility for his Teen Pregnancy Prevention initiative with the Administrator of the Family Support Administration.

As with any reorganization (most of which normally originated outside of my office) the proposal was sent to the General Counsel's office. The General Counsel

7. **(continued from previous page)**

sent me a memorandum indicating that the statute authorizing the AFL program required that the program's administrator report to the Assistant Secretary for Health in the Public Health Service. Another provision required that the AFL program be administered by the Assistant Secretary for Population Affairs.

My response to the Chief of Staff indicated that the program could not be moved administratively to the Family Support Administration. Options provided to the Chief of Staff included: 1) legislative changes to allow the transfer, 2) complex delegations of authority that would have had the administrator of FSA report to the Assistant Secretary for Health for purposes of administering the Adolescent Family Life program and, 3) administrative requirements that Public Health Service include representatives of the Family Support Administration on grant review panels or requiring the FSA Administrator to sign off on grants made under the AFL program.

A proposal roughly following the third option was prepared by my office at the direction of the Chief of Staff and was presented to the Secretary by him. The Secretary never acted upon the proposal.

- The Grants Policy authority of the Assistant Secretary for Management and Budget in the Department of Health and Human Services is largely delegated to the constituent agencies of the Department. There is a Departmental grants manual. However, the Public Health Service issues its own, more detailed instruction manual.

  There was, of course, controversy over the authority of the Deputy Assistant Secretary for Population to issue regulations restricting the non-grant funded activities of recipients of Family Planning funds (Title X of the Public Health Service Act). This controversy ultimately resulted in the removal of the Deputy Assistant Secretary. However, this controversy was played out within the PHS and essentially dealt with whether the Deputy Assistant Secretary had the authority to issue regulations under the PHS grants manual and the authorities delegated to her by the Assistant Secretary for Health. Discussions concerning the regulations issued by the Deputy Assistant Secretary for Population Affairs and the personnel actions taken as a result of

7. **(continued from previous page)**

the controversy occurred between the Office of the Assistant Secretary for Health, the General Counsel and the Immediate Office of the Secretary.

As a result of this controversy, the Inspector General issued a report that indicated that the Department should clarify its rules related to the granting of funds to "advocacy organizations." Such modifications were made to the Departmental Grants Policy Manual.

8. **In light of your experience at HHS, what impact do you believe the AIDS epidemic will have on VA health-care programs and the budget for the VA health-care system?**

VA estimates the cost of direct care for patients with AIDS to be $144 million for FY 89. The additional indirect costs of screening, testing and universal precautions are difficult to estimate. VA's current "best estimates" are that each case's total annual direct care costs are about $25,000 (including the $8,000 annual cost of AZT). Since 1983, slightly less that 7,000 veterans with AIDS have come to the VA for care.

Estimating the budgetary impact of the spread of the AIDS infection and the new treatments such as AZT that are becoming available is very difficult for the following reasons:

- VHSRA is treating an increasing number of AIDS patients on an outpatient basis. Outpatient treatment is, of course, far less costly than inpatient.
- The spread of the disease in the gay population seems to have leveled off while the spread in the intravenous drug users has continued to increase. Again the implication of this change for the VA is unclear.
- It is not yet clear what monitoring and testing procedures will be required when AZT is approved for use in patients with no clinical symptoms of AIDS.
- Clinical testing continues on the effectiveness of lower dosages of AZT for patients, both with and without symptoms.

9. **Please contrast VA's financial management and control systems with those at HHS, describing the strengths and weaknesses you have found at VA and what steps you plan to take to remedy the weaknesses.**

In both the Department of Health and Human Services the Department of Veterans Affairs, financial management and control systems seem basically sound. The VA has a centralized system while HHS has a single system run on several different computers throughout the agency.

The most substantial difference is that the VA's system has highly centralized reporting and review procedures. As a result of the centralized system, reporting data to improve the quality, efficiency and effectiveness of services to veterans is accessible to managers throughout the Department. The system will benefit from increased standardization of input procedures, account code, report structures, and technical modernization. This will make it easier to manage the systems and make it easier for managers at all levels in the Department to access data about their operations.

Weaknesses in the VA and HHS are in the same basic categories: systems are technologically old and difficult to maintain; there is a disparity in the relative quality and consistency of systems serving various appropriations and more attention must be given to training and technical review of field staff to ensure that procedures are being properly followed.

At the Secretary's invitation, GAO will be conducting a general management review of our financial management systems. I look forward to participating in the process and to their findings.

10.

A. **Do you believe VA's budget controls are adequate to manage the Department's highly decentralized facilities?**

Generally the budget and finance systems are able to give adequate and valid aggregate financial data. However, adequate management of diverse and geographically distributed VA functions requires a broader range of workload, performance and other data. It is through the analysis of both financial and performance data that managers can be held responsible for the effectiveness, efficiency and quality of services to veterans.

10.
B. **Do you favor increasing or decreasing centralization of financial management at VA?**

I do not feel that it is necessary to centralize further the financial management system as long as sufficient resources are available to monitor the activities of the field offices and to assure that they are following proper procedures.

10.
C. **To what degree are VA's various financial management systems integrated and how would you improve integration of these systems?**

The major families of systems which support the Department of Veterans Affairs financial requirements are partially integrated. However, many of the VA's over 40 financial systems do not exchange data. There is underway an effort to install an "off the shelf" financial system that will redress many of these weaknesses.

11.
A/B. **What, in your opinion, is the appropriate role for the Office of Management and Budget in the budgetmaking process for VA?**

Secretary Derwinski has made it clear that he sees his major role as advocating the needs and interests of America's veterans. As Secretary, he is charged with overall policy direction and management of the Department. He carries out this activity primarily through the Deputy Secretary, the Chief Medical Director, the Chief Benefits Director, the Director of the National Cemetery System and the various Assistant Secretaries.

The Budget and Accounting Act of 1921 ended the practice of individual agencies submitting their budgets to Congress and established the concept of a President's budget. The Bureau of the Budget, now OMB was established, in part, to prepare the President's budget. In my view, OMB's function is to assure that the President's policies are reflected in agency budgets and that the overall budget represents a clear statement of the President's policies. There are also

11. **(continued from previous page)**

broad management goals that OMB legitimately can insist be reflected in agency budgets. After the passage of Gramm-Rudman OMB must allocate resources to assure that the President's budget show a deficit no greater than the Maximum Deficit Amount.

12. **Press reports have indicated that you played a lead role in supporting the employment of disabled persons in the Office of the Secretary of HHS. Please describe your efforts at HHS on behalf of persons with disabilities and whether you intend to pursue similar efforts at VA if confirmed.**

As the Assistant Secretary for Management and Budget, I was charged with a broad range of Administrative functions. As part of this function, I met regularly with the Office of the Secretary's Handicapped Advisory Committee to discuss their concerns primarily related to facilities. As a result of these activities, accommodations for handicapped during emergencies and ease of access, areas of particular concern to the Committee, were significantly improved. I believe that as a result of these meetings, a greater sensitivity to the needs of the handicapped evolved in the office of the Deputy Assistant Secretary for Management and Acquisitions and that this better understanding resulted in the resolution of many problems at lower levels toward the end of my tenure.

In the area of telecommunications, I provided funds for the procurement of computer aids (such as large screen monitors to accommodate the vision impaired) to allow handicapped employees to utilize computer technology. I and several other employees were awarded the Secretary's Handicapped Award for these actions.

I believe that this activity, along with EEO and, of course, the assurance of opportunities for veterans is one of the most important responsibilities of senior managers in the federal government and I expect to continue my activities in this area if the Senate should confirm me.

13. **In regard to planning, do you anticipate a continuation of the formalized process known as quarterly, mid-year, and end-of-year reviews of each line and staff office's program operating plan that was formerly coordinated by the Associate Deputy Administrator for Management and the Strategic Management Service?**

[if yes] **Do you plan any significant changes in the process?**

[if no] **Is the Secretary considering some other means of holding line and staff offices accountable for meeting program planning operating plans and being kept informed about them? If so, please describe this process?**

As part of his efforts to implement management reforms in the VA, the Secretary has asked GAO to examine strategic planning as part of its broad review of agency management functions. The new Deputy Assistant Secretary for Planning and Management Analysis will be coming onboard soon, and we will be conducting our own assessment of agency planning. The GAO results coupled with our findings should provide a basis for our future planning efforts.

Although the details of the planning process still remain to be defined, I have some general views which I would like to incorporate into the planning effort. First, I would like a mechanism to obtain both headquarters and field input into the agency level strategic planning process. Second, VHSRA, VBA, NCS, and other agency elements should be encouraged to develop their own planning processes and given the opportunity to determine how best to support accomplishment of agency goals and objectives. Third, quality enhancement should be an integral part of the planning effort. Finally, the process should be simple and focussed on a limited number of high priority issues.

14.
A/B. **What do you envision as the scope of, and relationship between the program planning function, for which the Assistant Secretary will have responsibility, and the strategic policy advisory group function, a staff function of the Office of the Secretary?**

The Strategic Planning Advisory Group is composed of several members of the Department's senior staff and was created to advise the Secretary on strategic planning and policy issues. It is not a separate office. There have been only a few meetings of the group and it is not clear how the Secretary will choose to use it. However, I am a member of the group and I believe that my responsibilities for planning and budgeting will assure my active participation in the group's deliberations.

15. **One argument advanced in opposition to an organizational alignment which consolidates a program planning function and a budget and finance function under the same assistant secretary is that the "budget will drive the plan" rather than the "plan driving the budget."**

A. **What are your views on this issue?**

The function of the Budget is to balance the needs of the line organizations with the actuality of limited resources and to assure that the broad policy concerns of the Secretary and the President are reflected in resource allocation decisions. Within those confines, however, it is the function of the line manager to allocate resources. It is not the function of Budget to make policy decisions or to establish priorities outside of these broad parameters.

As the Chief Financial Officer and the Budget officer, it is the Function of the Assistant Secretary to assure that our stewardship of federal funds is carried out responsibly. I believe that this duty means that the office constantly should be questioning the use of resources and where the potential exists for the inappropriate use of federal funds, immediate action should be taken. It also requires a constant follow-up on identified material weaknesses and audits to assure that proposed remedial actions actually occur.

15.
B. **In discussions with Committee staff, you indicated an awareness of concerns that some have expressed about the concentration of authority in the Office of Finance and Planning. Please provide your views on this issue and describe the steps you would take to address this concern if confirmed.**

As I have indicated, I believe that the functions of a Staff Office such as the Assistant Secretary for Finance and Planning are limited. In carrying out the functions of the office, should I be confirmed, I plan to rely heavily on the line and major staff offices and develop formal and informal lines of communications with them. One of the most important methods I have used in the past was to employ advisory groups. While at HHS, I met regularly with the functional officials - finance officers, procurement officials, administrative officials, etc. In addition, I met with the senior career officials in each of the operating agencies of the Department of Health and Human Services as well as the senior officials of the Office of the Secretary. These meetings served to identify and resolve problems, to allow me to express my policies in the various functional areas and to receive responses, and to act as an informal communications channel between my office and the agencies of the department. I expect to use similar mechanisms for those areas for which I am responsible in the Department of Veterans Affairs.

16. **How would you contrast your duties as Assistant Secretary for Management-Budget at HHS with your duties at VA in that you will not have responsibility for 'management" functions at VA but will have responsibility for management analysis?**

In fact, the Management responsibilities of the two offices are quite similar. If confirmed, I will have responsibility for the Management and Productivity improvement programs of the Department, the implementation of OMB circular A-76, and the conduct of management studies. In addition I will serve as the Department's representative on the President's Council on Management Improvement-a position which I also held at HHS.

17. **Former Administrator of Veterans' Affairs Thomas K. Turnage established a program of management studies under which VA entered into multi-year contracts with private sector consulting firms to conduct various types of studies, evaluations, and analyses for VA top management. What is your assessment of the manner in which management studies (as distinguished from program evaluations conducted under section 219 of title 38, United States Code) have been conducted within the former Studies and Evaluation Service as compared to under the management studies contracts in regard to their [i] quality, [ii] timeliness, [iii] cost effectiveness, [iv] direction and planning, and [v] satisfaction of the staff and line offices requesting such studies?**

The management studies contracts were established after rigorous competition and awards were made to a number of highly skilled firms. These studies complement the VA's ability to carry out in-house studies by providing access to specialized expertise that is unavailable within the agency. They also provide flexibility to deal with a broad range of issues as they arise. The predecessor Controller's Office and others in the Agency made use of these contracts with success. At present, it is too early to give a definitive response on my overall views of the Contracts.

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

September 28, 1989

The Honorable Alan Cranston
Committee on Veterans Affairs
United States Senate
SR-414
WDC 20510-6375

Dear Mr. Chairman:

On behalf of myself and my family, I would like to thank you for your kind reception and generous introduction at my recent confirmation hearing. My wife and daughter were particularly impressed that you took the time to introduce them as well. It was an honor to appear before you, and I look forward to working with you, the Members of the Committee and their staff.

During that hearing last Friday, you asked me to submit for the record supplementary material in response to two of the questions. Those questions and answers are as follows:

> *"You stated in your written response to question 10 that adequate management of diverse and geographically distributed V.A. functions requires a broader range of workload, performance, and other data. Please describe what those other data are and how you plan to gather them."*
>
> As I indicated in my responses to the pre-hearing questions the Department of Veterans Affairs should develop improved performance measurement systems for its major programs. This can be accomplished by using existing agency management information systems to provide dollar, staffing, workload, and quality data which can be linked to assess performance.

The dollar and staffing data are already collected in our payroll and accounting systems. Workload information (e.g., claims processed, inpatient visits, interments, etc.) are routinely collected in the VA Automated Management Information System (AMIS). Qualitative data (e.g., timeliness, error rates, standards for specialized medical services, etc.) are collected by AMIS and other agency reporting systems.

Linking financial, workload, and quality data would provide agency managers with meaningful information to assess program performance and to improve delivery of services to our veterans. Because virtually all the needed raw data already exists, this objective can hopefully be achieved without development of additional and expensive reporting systems.

"Your written response to question 10 refers to V.A. efforts to install off-the shelf software that will integrate VA's more-than 40 financial systems. What is the timetable for that project?"

The schedule for off-the-shelf software installation includes plans to purchase a baseline system in FY89. The VA's intention is for customization of the off-the-shelf package to occur in FY90, integration and testing with other systems in FY91, training of VA users, conversion of existing system data files, and a phased implementation plan to be effected. The goal is to have an operational system by the end of FY92. Post implementation studies will continue into FY93.

"You probably know that G.A.O. has just issued its biannual financial audit of V.A.'s Financial Statements for Fiscal Years 1988 and 1987." This report points out several troubling items in the financial condition and accounting of several VA programs, notably the home-loan program and the accounting records for VA -owned land and buildings.

If confirmed, would you agree to provide the Committee with a detailed response to the G.A.O. audit by October 31 -- the end of next month?"

I am reviewing the GAO report now, and I fully expect to have an answer to you by October 31st as requested.

Again, Mr. Chairman, thank you for your kind words of encouragement.

Sincerely yours,

S. Anthony McCann

S. ANTHONY MCCANN
Finance and Planning
Department of Veterans Affairs

SAM/slh

Office of Budget
and Finance
(Controller)

Washington DC 20420

Veterans
Administration

OCT 31 1989

In Reply Refer To: 004

Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, DC 20510-6375

Dear Mr. Chairman:

As you have requested, I am enclosing my written responses to the Committee's confirmation hearing questions related to GAO's Audit of VA's FY 1987 & 1988 Financial Statements.

I hope that you will find these responses helpful and informative. If I can be of further service to you or the Committee, please let me know at your convenience.

Sincerely yours,

S. Anthony McCann

S. Anthony McCann
Assistant Secretary
for Finance and Planning

Enclosure

"America is #1—Thanks to our Veterans"

RESPONSE TO G.A.O. FINANCIAL AUDIT OF VA--1987 & 1988

FINANCIAL CONDITION OF HOUSING CREDIT PROGRAM:

- VA cannot repay Treasury $1.7 billion borrowed by the Loan Guaranty Revolving Fund.

Over the period 1951 to 1963, the direct loan revolving fund borrowed $1,730,078,000 from Treasury. These funds were originally provided to support the direct loan fund, but were subsequently transferred to the loan guaranty revolving fund and have since been fully used. It has been VA's contention that Congress intended the indebtedness to be forgiven at the time transfers were authorized from direct loan to loan guaranty.

The VA's General Counsel concluded that legislative history as well as the 1976 amendment to P.L. 94-324, the Veterans Housing Amendments of 1976, demonstrated the clear intention of Congress to make the Direct Loan Revolving fund permanent and to remove the requirement that VA return the moneys advanced from the Treasury. Based on this finding, VA proposed to Treasury that they clear this indebtedness from their books. However, Treasury's Counsel responded that they felt they had no legal basis to do so. Subsequent to Treasury's response, VA has included language in their current A-19, legislative proposals that would provide a technical correction to 38 U.S.C, deleting the requirement that advances be repaid, thus enabling both VA and Treasury to clear this indebtedness from their books.

In summary, the VA never anticipated having to repay the $1.7 billion to Treasury. In order to do so, an appropriation request for that amount would have to be made to accomplish a transfer to Treasury. To preclude that necessity, the aforementioned language is being proposed.

- Weakened sectors of the economy are severely straining the Fund.

Undoubtedly the overriding cause of funding problems of recent years in the Loan Guaranty program is due to the economic downturn experienced in the oil states and the rust belt. Areas such as Houston, Denver, Waco, Phoenix, Chicago and Detroit remain among the "top ten" of problem areas experiencing high foreclosure rates. The good news is that the situation is improving. For instance, when the FY 1990 budget was submitted in January of 1989, it was estimated that the fund would need a $311.8 million supplemental in fiscal '89 based on estimated claims of 48,730. Substantial improvements occurred during the year however, and actual supplemental funding required and enacted was $120.1 million with estimated claims for 1989 revised to 44,023. Obviously, this program remains susceptible to economic downturns as does the entire housing industry. Currently, however, the improved environment is reflected in lower obligations.

- Appropriation needs have been underestimated and will require supplementals.

It is true that the fund required a supplemental appropriation in 1988 of $526.6 million and $120.1 million in 1989. Obviously that means that technically there was an underestimate of needs. However, it is somewhat misleading to say that without also including the fact that the volatility of the housing market and the rapidity with which climates change causing large swings in funding needs in this program made it extremely difficult to anticipate the additional funding needs. It was not a matter of poor estimating but rather a matter of the time-frame of the changing environment not coinciding with budget submissions. As pointed out before, the improved climate allowed for reduced estimates of supplemental funding, and it is currently anticipated that no supplemental will be needed in this program for FY 1990 so long as current economic trends continue.

- VA expects the foreclosure trend to reverse itself but other mortgage industry sources expect the trend to continue at the current level.

VA is cautiously optimistic regarding the improved trends and includes in its forecasts these trends based on the improvements which have manifested themselves while recognizing that certain depressed areas are still contributing to significant foreclosure rates. It is not felt that VA is out of sync with prevailing market opinions. Moreover, budget forecasting, starting with the FY 1991 budget, is being done using a budget model developed by Booz-Allen & Hamilton, Inc. which is designed to be responsive to projections of key macroeconomic variables that have been influential determinants of the volume of loan guaranty applications, the number of loan defaults and foreclosures, and workload variables such as properties sold and vendee loans.

This model projects major workload items at the regional level and uses key data from releases of forecasts obtained from the Wharton Econometric Forecasting Associates (WEFA). Additionally, trends are based on the last eight fiscal years so that recent improvements do not unduly influence the forecast. We believe that budget requests are being calculated based on the best quantifiable analysis available.

- Without-recourse home sales provide less cash at the time of sale.

While this statement is true, it does not capture the intent of non-recourse loan sales which is that of stemming future costs to the fund. Obligations are reduced as fewer loans are repurchased when sold under a non-recourse sales agreement. However, it currently appears that VA will return to recourse loan sales in FY 1990 as the authority to conduct non-recourse sales has expired, and it is anticipated that pending legislation will be enacted establishing a Mortgage Indemnity Fund which would continue to provide for recourse loan sales.

- If VA's authority to collect the funding fee isn't renewed timely there would be a loss to revenue to the fund as occurred in FY 1988.

This statement is true; however, legislation has been passed in both the House and Senate and enactment is soon expected which provides for extension of the funding fee from October 1 to December 1, 1989. It is anticipated that after that date the new Mortgage Indemnity Fund will have been enacted which provides for fee collection under a revised structure from that presently existing.

RESPONSE TO G.A.O. FINANCIAL AUDIT OF VA--1987 & 1988

REAL PROPERTY

- o Original Cost of Land and Buildings not verifiable principally due to manually kept records containing numerous errors. GAO was therefore unable to audit, and the Comptroller General issued a Quafified Opinion on VA's Financial Statements with respect to Real Property Accounts.

Formal request was made by VA for exception to GAO Title 2 policy to raise the threshold for capitalizing real property expenditures from $5,000 to $100,000. This exception was requested to facilitate a one-time adjustment to department records in order to bring such records into agreement with true real property values at the station level. GAO did not approve this request. VA's plan now is to accomplish the one-time adjustment adhering to the $5,000 threshold. This action should bring VA Land and Building accounts into compliance with federal capitalization principles and policies thereby making such records audit worthy.

- o Items were expensed that should have been capitalized. Capitalization of construction projects was performed inconsistently with most occuring months to years after the building was put in service. Depreciation computations were not in accordance with Generally Accepted Accounting Principles. In some instances depreciation was being calculated over the useful life of improvement which extended beyond the remaining life of building.

In preparation for the end of FY 1989, VA made a special effort to have field stations capitalize construction projects that had been placed in service. Fiscal and Engineering Officers at each VA Medical Center will jointly certify to the value of land and buildings as reported to GSA on the Annual Real Property Report.

VA's long term goal is to incorporate in its recently acquired off-the-shelf primary Financial Management System (FMS) a fixed assets module to standardize real property recordkeeping VA-Wide. In the short term, stations have automated depreciation computations on spreadsheets.

Finally, consultations are underway with the Fiscal and Engineering Staffs to come up with a workable procedure to automatically trigger the capitalization of construction projects that have been placed in service.

OPENING STATEMENT

Edward T. Timperlake

Assistant Secretary (Designate) for
Congressional and Public Affairs

September 22, 1989

Thank you Mr. Chairman for the opportunity to appear before you and the members of this committee as President Bush's designee to become the first Assistant Secretary for Congressional and Public Affairs for the Department of Veterans Affairs.

Mr. Chairman, it has been my observation that there is a continuum of commitment in veterans programs. For many generations, members of Congress, representatives of veterans service organizations, Executive Branch leaders and a family of VA employees have worked tirelessly and dedicated their energies to insuring that sound, secure programs would always be in place to serve the needs of veterans, their dependents and survivors. It is an honor to be a part of this continuum of dedicated service.

For me, veterans programs and services are not an abstract concept. They are real and they have a very personal significance. Members of my family and I have benefited from these programs and we know their value.

We know veterans policy in the United States is grounded on a genuine appreciation for the service and sacrifice of our men and women in uniform. We know these programs are needed.

In her later years, my grandmother received extensive help from the VA because her only son was killed on Iwo Jima. My father died at a relatively young age, following a career in the Navy, and my sister was able to complete a bachelors and a masters degree program with government assistance. Such assistance also aided my mother who began work on an educational program that eventually qualified her to operate a nursing home. My brother served first as a medical corpsman in the U.S. Navy and today is on active duty as an orthopedic pediatric surgeon thanks to a Navy scholarship. He trained in a VA hospital. When I returned from Southeast Asia, VA counselors and veteran service organization representatives provided wise and professional advice and counseling that facilitated my completion of graduate studies at Cornell University.

So, as I said, the responsibilities of maintaining and improving our service to veterans is not an abstraction to me. Recognizing this continuum of commitment, I feel a sense of pride and a sense of moral obligation in assuming this leadership position so that I may offer my country a modest repayment. The bond between the country and its veterans must remain strong for our succeeding generations. It is my personal goal to reflect the high standards of veterans advocacy that have been set by Secretary Derwinski, Deputy Secretary Principi and all those who have contributed to the continuum of commitment over the years.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name: TIMPERLAKE (LAST) EDWARD (FIRST) THOMAS (OTHER)

Present address: 11303 Full Cry Ct., Oakton, VA 22124 (CITY) (STATE) (ZIP CODE)

Position to which nominated: Assistant Secretary for Congressional & Public Affairs

Date of nomination: June 14, 1989

Date of birth: 22 (DAY) 11 (MONTH) 46 (YEAR)

Place of birth: Perth Amboy, New Jersey

Marital status: Married

Full name of spouse: Barbette Runckel Timperlake

Names and ages of children: Tara (17)
Kimberly (15)

Education:

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
U.S. Naval Academy Annapolis, MD	6/65 - 6/69	BS	1969
Cornell University Ithaca, New York	7/75 - 5/77	MBA	1977

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Vietnam Service Medal (2 Stars)

National Defense Medal

Armed Forces Expeditionary Medal

Marine Corps Reserve Medal

"High Flyer" Top 10% Advance Navy Jet Flight Program

Member, Academic Standards Committee, Cornell Graduate School of Management

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last five years and any other prior memberships or offices you consider relevant.

Organization	Office held (if any)	Dates
US Naval Academy Alumni Assn.		06/69 - Present
Disabled American Veterans	Life Member	11/81 - Present
American Legion		07/88 - Present
Veterans of Foreign Wars		09/88 - Present
Army-Navy Club		06/82 - Present
Army-Navy Country Club		05/68 - 12/87
American Leadership, Inc. (non-paid, not for profit)	Member, Board of Directors	04/84 - 08/84

Employment record: List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

09/76 - 05/77 - Research Asst., Peace Studies Program, Cornell University, Ithaca, New York
05/77 - 02/78 - Asst. Venture Manager, Optical Information Systems Div., Exxon Enterprise, New York, New York
03/78 - 09/81 - Section Manager, The Analytic Services Corp., Arlington, Virginia
09/81 - 12/83 - Deputy Director - National Director, Vietnam Veterans Leadership Program, The Action Agency, Washington, D.C.
01/84 - 10/84 - Director, Mobilization Plans and Requirements, Office of the Secretary of Defense, Washington, D.C.
09/87 - 01/88 - First Officer, Presidential Airlines, Fairfax, Virginia
02/88 - 05/88 - Independent Consultant, LDI, Inc., Springfield, Virginia
02/88 - 11/88 - Campaign Staff, George Bush For President, Woodward Building, Washington, D.C.
02/89 - 05/89 - Staff Asst., ASN (RE&S), Navy Department, Washington, D.C.
05/89 - Present - Department of Veterans Affairs, Washington, D.C.

Military service: List below all military service (including reserve components and National Guard or Air National Guard) with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge

ctive Duty
06/69 - 12/69 - 2nd Lt., USMC, The Basic School, Quantico, VA
12/69 - 06/72 - 2nd Lt. - 1st Lt., USMC, Naval Air Training Command
07/71 - 06/72 - 1st Lt., USMC, F-4 Training SQDN - VMFAT-201 MCAS, Cherry Pt.
06/72 - 06/73 - 1st Lt., USMC, Fighter Pilot, VMFA 451 MCAS, Beaufort, SC
06/73 - 09/73 - 1st Lt., USMC, Fighter Pilot, VMFA 232 Task Force, Delta, Nam Phong, Thailand
onorable Discharge
10/73 - 07/75 - Capt., USMC, A-4, UH-1E Pilot, Nas Sowey MA
eserve
07/75 - 01/78 - Capt., USMCR, A-4E Attack Pilot, VMA 322, Nas Sowey MA
02/78 - 04/85 - Capt. - Maj., USMCR Fighter Pilot, VMFA 321, Andrews AFB
ctive Duty
04/85 - 10/87 - Maj. - Lt. Col., USMCR, Fighter Pilot, VMFA 321, Andrews AFB
onorable Discharge
12/88 - 02/89 - Lt. Col., USMCR Staff (o), Aviation Plans & Programs, HQ MC, Arlington, VA

Government experience:

List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments other than those listed above.

None.

Published writings:

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

See Attached.

Political affiliations and activities

1. List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years

Life Member, Republican National Committee ($1,100.00)

Volunteer, George Bush for President '88

Professional Staff, BUSH/QUAYLE '88

Delegate, 1988 Virginia State Convention

Wrote position paper, Reagan '80 Campaign

2. List all elective public offices for which you have been a candidate and the month and year of each election involved

None.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

I am currently in Federal Service.

2. State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization.

No plans.

3. What commitments, if any, have been made to you for employment after you leave Federal service?

None.

4. (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

5. (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

Yes.

Potential conflicts of interest

1. Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

None.

3. Describe any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated.

None.

4. Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy.

None.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

No conflict.

Testifying before the Congress

1. Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

Yes.

2. Do you agree to provide such information as is requested by such a committee?

Yes, consistent with the obligations imposed on all officials of the Executive Branch to uphold the Constitution and laws of the United States, including, where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31, U.S.C., subsection 1108, OMB Circular A-11 and Executive Privilege.

PUBLICATIONS: EDWARD T. TIMPERLAKE

DEFENSE

ARTICLES:

Cherniavsky, Ellen A., and Timperlake, Edward T., "Implications of Tactical Air Cost and Performance Trends", published in Defense Management Journal, Washington, D. C., Third Quarter 1986.

Timperlake, E. T., and J. Miller, "Exploring Models for Pilot Performance in Air-to-Air Combat," published in U. S. Naval War College Review, Newport, R. I., Winter 1981

Timperlake, E. T. and T. G. Farrell, "Project Meteor: Motivating Everyone to Enhance Operational Reliability/Maintainability," Proceedings Seventh Annual Acquisition Research Symposium, Hershey, Pa., May 1978.

Timperlake, E. T., "V/STOL vs the CV," U. S. Naval Institute Proceedings, Annapolis, Md., March 1978.

REPORTS:

Cherniavsky, Ellen A., and Timperlake, Edward T., "TACAIR Performance/Cost Analysis: Trends Over Time," published for Director, Net Assessment, OSD, Washington, D. C., The Analytic Sciences Corp., September 18, 1981.

Timperlake, Edward T., and Leveen Steven, "A Methodology For Estimating Comparative Aircrew Proficiency," prepared for Theater Forces Division, OSR, Central Intelligence Agency, Washington, D.C., The Analytic Sciences Corp., May 22, 1981.

Timperlake, Edward T. and Cynthia Distefano and Leonard Sullivan, Jr., "Assessment of Egyption Middle East Tactical Aviation Modernization," prepared for Office of the Secretary of Defense, Director of Net Assessment, Assistant Secretary of Internal Security Affairs, Washington, D. C., The Analytic Sciences Corp., January 6, 1981.

Timperlake, Edward T., and Leonard Sullivan, Jr., "Tacair Support Study: Preliminary Development of a Sortie Rate Methodology Preliminary Development of Logistic Constraints Methodology," prepared for Theatre Forces Division, Office of Strategic Research, Central Intelligence Agency, Washington, D. C., The Analytic Sciences Corp., December 1, 1980.

Timperlake, Edward T., and William J. Vogt, and Leonard J. Sullivan, "The TASCFORM-Air Model: A Technique for Assessing Comparative Force Modernization in Tactical Aviation. Volume I: Methodology Development Volume II: US/Soviet Tactical Aviation Modernization Assessment 1960-1985 (U)," prepared for Director of Net Assessment, OSD, Washington, D. C., The Analytic Sciences Corp., March 7, 1980.

Timperlake, Edward T., and William J. Vogt, "**Assessment of the Modernization Rate of Tactical Aviation Forces Based Along the NATO Central Front,**" Office of Strategic Research, Central Intelligence Agency, Washington, D.C., The Analytic Sciences Corp., December 10, 1979.

Timperlake, Edward T., and Leslie W. Bray, John D. Underwood, and William J. Vogt, "**Methodology Development and Assessment of Relative Modernization Rates for U.S. and Soviet Tactical Air Forces,**" Prepared for Director of Net Assessment/OSD, Washington, D.C., The Analytic Sciences Corp., March 19, 1979.

PUBLICATIONS: EDWARD T. TIMPERLAKE
CONTINGENCY PLANNING

ARTICLES:

Bray, L., and E.T. Timperlake, **"A General Appraisal of the Current State of D.O.E. Planning for Petroleum Related Disruptions,"** Federal Register, Washington, D.C., Summer 1978.

REPORTS:

Bray, L.W., E.T. Timperlake, and W.J. Vogt, **" Contingency Planning Process for the Disruption of Foreign Oil,"** Department of Energy, Washington, D.C., The Analytic Sciences Corp., February 19, 1979.

Bray, L.W., E.T. Timperlake, and W.J. Vogt, **"Preliminary System Test Design,"** for the Office of the Assistant Secretary for Policy and Evaluation, Department of Energy, Washington, D.C., The Analystic Sciences Corp., March 5, 1979.

Timperlake, Edward T., W.J. Vogt, and Leonard Sullivan, **"A Consolidated Emergency Preparedness System for the Department of Energy,"** Washington, D.C., The Analytic Sciences Corp., February 10, 1980.

United States
Office of Government Ethics
P O Box 14108
Washington, D C 20044

JUN 27 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Edward T. Timperlake, who has been nominated by President Bush for the position of Assistant Secretary for Congressional and Public Affairs, Department of Veterans Affairs.

We have reviewed the report and have also obtained advice from the Veterans Affairs Department concerning any possible conflict in light of the department's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Timperlake is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker

Frank Q. Nebeker
Director

Enclosure: As stated

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

July 25, 1989

Honorable Alan Cranston
Chairman, Committee on
Veterans' Affairs
United State Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are my answers to the pre-confirmation questions submitted by the Committee.

Sincerely,

EDWARD T. TIMPERLAKE
Assistant Secretary for Congressional
& Public Affairs-Designate

Enclosures

1. Since your graduation from the U.S. Naval Academy in June 1969, you have held a variety of different positions ranging from fighter pilot in the U.S. Marine Corps to Deputy Director of the Vietnam Veterans Leadership Program to Staff Assistant with the Navy Department. Throughout the course of your career, as part of your job responsibilities, what experience have you had in the areas of congressional or public affairs and media relations? Please describe the nature of any such responsibilities and the duration, extent, and location of the work.

2. What, in your opinion, is the purpose of the Office of Congressional and Public Affairs?

3. A. What do you believe are the major issues confronting VA at this time?
B. How do you propose to inform and educate both Congress and the public about these issues?

4. Do you foresee any circumstances when information known by you would be withheld from Congress or the news media if that information were specifically requested? If so, please explain what those circumstances might be.

5. As has been demonstrated most recently with the June 13, 1989, release of the VA study entitled "Review of Mortality in VA Medical Centers" and the July 7, 1989, Washington Post article describing a draft General Accounting Office report relating to VA's procedures for checking the credentials of physicians, information which presents a negative image of VA often appears in the news media.
A. What are your views about providing Congress advance notice of such information when the time of its publication is known by VA?
B. In your opinion, to what extent should information felt by VA to be damaging to its image be released to either Congress or the press?
C. What plans, if any, do you have for improving VA's public image and Congressional relations?

6. A. To what extent would your office relate to the medical, benefits, and cemetery program officials and who in each of those programs would be the contact point for your office for public affairs matters and for Congressional matters.
B. We have been advised that discussions are underway to consolidate Congressional Affairs staff. What is the nature of this plan, what is your role in it, and why would it be done?

Question 1.

In 1972, as a fighter pilot serving with VMFA 451 in Beaufort, South Carolina, I had a collateral duty of responding to Congressional inquiries as they pertained to members of the command. I had the same collateral duty from 1973 to 1975, while again serving as a pilot at the Marine Air Reserve Detachment, South Weymouth, Massachusetts.

In 1978, upon joining The Analytical Sciences Corporation (TASC) of Arlington, Virginia, first as a staff analyst and then as section leader, I published reports in the area of national security and energy preparedness. Such communications-related activities were integrally related to my assigned job responsibilities. Please see bibliography attached to my responses to your earlier questions. In addition, I was one of the four principal founders of the TASCFORM family of analytical models that, I believe, are still being used in the intelligence community, the Defense Department and at least once by the Congressional Budget Office.

From 1981 to 1983, I served first as Deputy Director and then as the National Director for President Reagan's Vietnam Veterans Leadership Program, a volunteer-oriented approach to addressing the issues facing Vietnam veterans throughout America. The effort was a bipartisan public-private partnership housed in ACTION, the national volunteer agency. I was responsible for responding to numerous press and congressional inquiries, for preparing Congressional testimony and for Congressional liaison intended to help address issues of importance to Vietnam veterans. As an historical point, alumni of the VVLP include Senators McCain and Gore, Rep. Ridge and former Rep. Bailey, and other state and local representatives from both sides of the aisle. In addition, I had the opportunity to participate in the making of a half-hour film celebrating the contribution of Vietnam veterans called "When Their Country Called."

In 1984, as principal Director of Mobilization, Planning and Requirements in the Office of the Secretary of Defense, my staff handled Congressional inquiries as to various mobilization initiatives. We published a chapter in the Defense Guidance formally strengthening the need for mobilization planning and assessment.

In 1988, upon joining the George Bush for President campaign, I assumed the jobs of both National Director of Veterans for Bush-Quayle and co-directed the National Security Task Force. In this capacity, I helped set up three major press

Question 1 (cont.)

conferences: one at the convention aboard the U.S.S. Natchez, to introduce Mr. and Mrs. Bush to senior veterans supporters, a press conference at the National Press Club to introduce the senior leadership of the National Security Task Force, and another at the Vice Presidential mansion to receive the VFW PAC endorsement. In addition, I wrote the draft veterans platform, George Bush's issue paper on veterans and numerous letters to individuals and organizations throughout the country dealing with veterans issues. Throughout this period of intense activity my duties constantly involved media and Congressional liaison.

I returned to active duty with the U.S. Marine Corps from December 1988 through January 1989 to write a draft aviation posture statement for the Marine Corps, and then became the civilian staff assistant to the Assistant Secretary of the Navy for Research Engineering and Systems with the goal of telling the story of Navy research and development not only throughout the country but throughout the world. I am now acting as a consultant to the Secretary in the area of Congressional and Public Affairs.

Question 2

The purpose of the Office of Congressional and Public Affairs is to support the Secretary, who is the leading veterans advocate, in his effort to provide our Nation's veterans with the best possible service. To achieve this end, it is his intent to make the VA the best managed Cabinet Department in the Executive branch of the Federal government. We must work to meet the needs of several audiences, first and foremost, veterans themselves. This purpose is achieved through the Public Affairs functions of the office. Through Congressional Affairs we must work to meet the needs of Congress, especially in terms of providing accurate, responsive information. It is my goal to foster a productive, two-way flow of information between the executive and legislative branches of the government, vis-a-vis veterans programs. The burden is always on the Office of Congressional Relations to build a foundation of Congressional trust, confidence and understanding in the direction in which the Secretary is taking DVA. It is equally important that the DVA leadership understand Congressional initiatives. The ultimate goal is to ensure a strong, bipartisan policy that benefits veterans. This is the primary purpose of Congressional Affairs in the VA.

Question 3.

A. The major issue at this time is to maintain and improve the delivery of health care, benefits and memorial services to our veterans. In this era of recognized fiscal austerity, this is a difficult challenge. We must work to maintain not only the capacity of the medical care system, the integrity of the benefits system, and the professionalism of the National Cemetery System but constantly seek to focus these resources on entitled veterans.

B. Although it is an old chestnut in public relations, the best way to inform Congress and the public is to simply "Do good and tell about it." Much more can be done to tell about the "good" VA does. Of course, much more can and must be done to insure that VA, indeed, does "good." I will strengthen VA's communications efforts by identifying the information needs of the distinct audiences interested in the VA -- veterans, veterans service organizations, the general public, VA employees and others -- and use the media that serve these audiences to convey messages formulated to give them the information they need in a way that attracts their attention. Complete disclosure of information on the success of the VA to the veteran, veterans service organizations, and the general public is absolutely essential. I recognize that an open professional relationship with Congress is essential. I will work in-house through the necessary channels to accomplish this goal.

Question 4.

Except for the required caveat of guidance governing communications from the Executive Branch to Congress, such as 31, U.S.C., subsection 1108, OMB Circular A-11 and Executive Privilege, that I offered up in response to your first set of questions, I see no possible circumstance in which withholding information to Congress could be justified, beyond the necessary time it takes to ensure that information is accurate and complete.

With respect to the news media and the American people it will be necessary to withhold information only in instances when required or authorized by law. As an example, some records concerning drug abuse, alcohol abuse, sickle cell anemia, or the human immunodeficiency virus are required to be withheld under the provisions of 38 U.S.C. Section 4132. As further examples, it would be necessary to withhold some records relating to trade secrets and commercial or financial information, some records that would constitute a clearly unwarranted invasion of personal privacy, and some records compiled for law enforcement purposes.

Question 5.

A. I feel very strongly that Congress should be brought on board as early as possible with complete disclosure of all reports regardless of their contents. I also realize that reports from the General Accounting Office are not to be publicly commented on until they are released by Congress.

B. Information that damages the image of the VA should not be withheld from either the Congress or the press simply because it is negative. The important principle in such a case is that we should speak with one voice and the integrity of the information should be assured prior to release. Nothing could be more damaging than releasing erroneous information that could be misinterpreted by a veteran and thereby drive him or her away from the very system that could save his or her life.

C. My plan to improve the public image is to find the strengths of the VA and to communicate them to the veteran, the American people, the veterans service organizations and VA employees. These distinct audiences should all feel a sense of pride and assurance that the resources committed by the Executive and Legislative branches are being well spent. With respect to Congressional relations, a reorganization is in process that, it is hoped, will accomplish the Secretary's goal of improving the response time and sensitivity to Congressional concerns.

Question 6.

A. I would expect to deal directly with the Director of the National Cemetery System, the Chief Medical Director and the Chief Benefits Director. It would be premature and perhaps misleading to structure the exact reporting relationships because of the ongoing reorganization of the Congressional Affairs office, and because it is necessary for me to become familiar with with these elements of VA so that I can appropriately structure the reporting relationships.

B. There are discussions underway and a proposed reorganization plan is in the Secretary's office. This is being undertaken by direct guidance from the Secretary to improve the VA's ability to be responsive to Congressional questions on a sepctrum of issues. I am a senior consultant in support of the effort.

In conclusion, it must be stated unequivocally that the goal of VA is to speak with one voice -- a voice that builds credibility and confidence -- to Congress, the Executive Branch, the veterans service organizations, the American people and veterans themselves. A clear message of veterans advocacy without contradictions must be delivered. The Office of Congressional and Public Affairs will be integral to the drive to improve the quality of service to America's veterans.

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

September 27, 1989

Honorable Alan Cranston
Chairman
Committee on Veterans Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I am pleased to provide the following response to your request for additional information during your Committee hearing of September 22, 1989.

You requested additional information regarding the progress and status of reorganization of the Office of Congressional Affairs. You specifically asked whether there would be a transfer of FTEE, personnel or functions from the Veterans Health Service and Research Administration and the Veterans Benefits Administration. You inquired about the number of FTEE assigned to the Office of Congressional Affairs on January 20, 1989, and the number of FTEE to be assigned under the reorganization plan. You also inquired about the estimated cost of the reorganization.

The Office of Congressional and Intergovernmental Affairs operated with 26 FTEE on January 20, 1989. The Office of Congressional Affairs had ten FTEE assigned to the VA Central Office-based office of the Associate Deputy Administrator, seven FTEE assigned to the House Congressional Liaison Service located on Capitol Hill and five FTEE assigned to the Senate Congressional Liaison Service also located on Capitol Hill. Four FTEE were assigned to the Office of Intergovernmental Affairs. The Office of Intergovernmental Affairs, with four FTEE, was transferred to the Office of the Assistant Secretary for Veterans Liaison and Evaluation during the reorganization of the VA into a Cabinet department.

The Secretary directed an increased role for Congressional Affairs and authorized the augmentation of the office with ten additional FTEE to be financed from existing Department GOE resources. The VA personnel office is currently in the process of reviewing qualified applicants for these positions. It is anticipated that four GM-13 positions and four GM-13 positions with potential to GM-14 will be filled from the over 100 applications received from candidates both within the VA and from candidates outside the Department with Federal employment status. The remaining two positions are clerk-typists (GS 5/6) for support of the new organization.

These positions do not represent an FTEE loss, a transfer of personnel or a transfer of functions from any existing VACO or field element. The estimated cost of salary and benefits for these positions is approximately $483,066. The source of FTEE for the Office of Congressional Affairs augmentation is absorbed within FY 90 GOE resources.

You asked for additional information regarding an internal communication issued to all VA elements in response to concerns communicated by your letter to Secretary Derwinski dated August 31, 1989. The letter expressed your concern about continued open communications between the Congress and VA executives and staff. An official response will be forthcoming from the Secretary. Nonetheless, I would like to take this opportunity to stress that the rationale of this reorganization is to better facilitate accurate communications and responsiveness between the Secretary, the operating elements of VA and the Congress. I would be more than willing to discuss the specifics of the reorganization at your convenience and, when appropriate, provide you with background information on all staff members of the Office of Congressional Affairs.

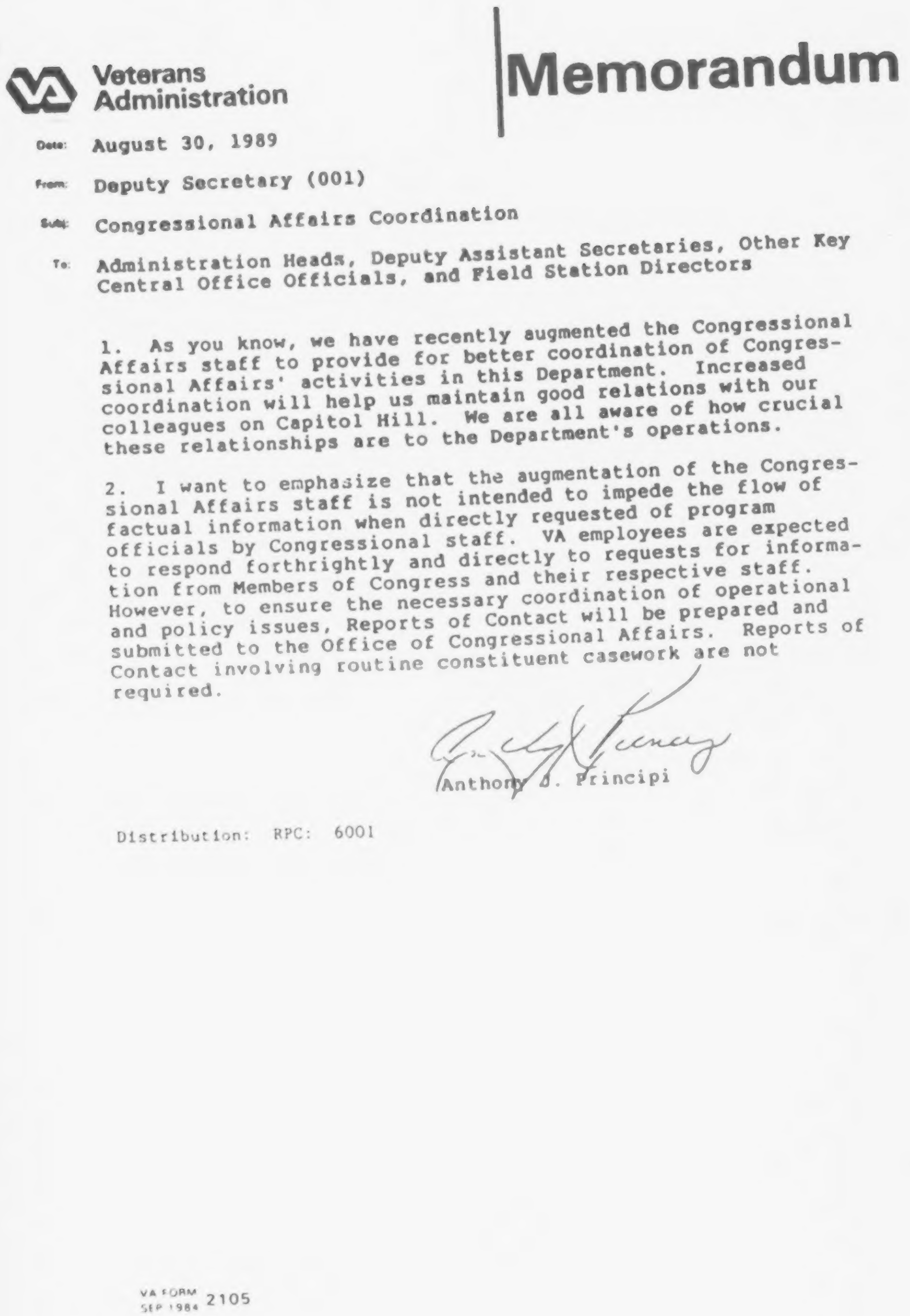
I am pleased to enclose for your review and for the record, a copy of the August 30, 1989 memorandum signed by Deputy Secretary Principi.

Please call if I may be of additional help.

Sincerely yours,

Edward Timperlake
Assistant Secretary (Designate)

Enclosure



Veterans Administration

Memorandum

Date: August 30, 1989

From: Deputy Secretary (001)

Subj: Congressional Affairs Coordination

To: Administration Heads, Deputy Assistant Secretaries, Other Key Central Office Officials, and Field Station Directors

1. As you know, we have recently augmented the Congressional Affairs staff to provide for better coordination of Congressional Affairs' activities in this Department. Increased coordination will help us maintain good relations with our colleagues on Capitol Hill. We are all aware of how crucial these relationships are to the Department's operations.

2. I want to emphasize that the augmentation of the Congressional Affairs staff is not intended to impede the flow of factual information when directly requested of program officials by Congressional staff. VA employees are expected to respond forthrightly and directly to requests for information from Members of Congress and their respective staff. However, to ensure the necessary coordination of operational and policy issues, Reports of Contact will be prepared and submitted to the Office of Congressional Affairs. Reports of Contact involving routine constituent casework are not required.

Anthony J. Principi

Distribution: RPC: 6001

VA FORM SEP 1984 2105

STATEMENT OF SENATOR FRANK H. MURKOWSKI (R-AK)
AT THE CONFIRMATION HEARINGS OF
OCTOBER 4, 1989

GOOD MORNING.

IT IS A PLEASURE TO WELCOME YOU ALL TO THIS HEARING TODAY TO CONSIDER THE NOMINATIONS OF TWO EXCEPTIONAL INDIVIDUALS WHO HAVE BEEN ASKED TO SERVE IN THE DEPARTMENT OF VETERANS AFFAIRS.

JOANN K. WEBB, NOMINATED TO BE THE DIRECTOR OF THE NATIONAL CEMETERY SYSTEM, HAS A DISTINGUISHED BACKGROUND OF SERVICE TO OTHERS. HER PROFESSIONAL EXPERIENCES INCLUDE A TOUR OF DUTY AS AN ARMY NURSE IN VIETNAM; A NURSE IN THE PRIVATE SECTOR; AND VARIOUS POSITIONS, CONSULTANCIES, AND MEMBERSHIPS ON COMMISSIONS DEALING WITH HEALTH-CARE ISSUES IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, THE FORMER VETERANS ADMINISTRATION, AND SEVERAL HOSPITALS.

E.G. (TED) LEWIS, NOMINATED TO BE THE ASSISTANT SECRETARY FOR INFORMATION RESOURCES, IS A RETIRED MARINE CORPS OFFICER WITH COMBAT EXPERIENCE IN VIETNAM AND A WEALTH OF EXPERIENCE IN STRATEGIC AND INTERNATIONAL MATTERS. AN ENGINEER BY EDUCATION, HE IS ALSO A UNIVERSITY LECTURER AND A FORMER DEPUTY ASSISTANT TO THE SECRETARY OF DEFENSE.

FROM MY EXAMINATION OF THEIR RECORDS AND BACKGROUNDS, I BELIEVE THE PRESIDENT MADE EXCELLENT CHOICES IN NOMINATING THESE TWO TALENTED INDIVIDUALS TO SERVE IN HIS ADMINISTRATION. IN THAT REGARD, THE DEPARTMENT OF VETERANS AFFAIRS AND THE VETERANS THEMSELVES WILL BE THE DIRECT BENEFICIARIES OF THEIR PROFESSIONAL WISDOM AND EXPERTISE.

I CONGRATULATE BOTH JOANN AND TED ON THEIR NOMINATIONS, AND URGE MY COLLEAGUES TO JOIN ME IN CONFIRMING THEM AND ALLOWING THEM TO GET ON WITH THEIR DUTIES.

STATEMENT BY SENATOR STROM THURMOND (R-SC) BEFORE SENATE VETERANS AFFAIRS COMMITTEE REFERENCE NOMINATION OF EDWARD LEWIS TO BE ASSSISTANT SECRETARY FOR INFORMATION RESOURCES MANAGEMENT AND JO ANN WEBB TO BE DIRECTOR OF THE NATIONAL CEMETERY SYSTEM, OCTOBER 4, 1989, 10:30 A.M., SR-418

Mr. Chairman:

It is a pleasure to be here this morning to continue our consideration of nominees to the Department of Veterans Affairs. Today, it is a pleasure to have with us Jo Ann Webb--nominated to be Director of the National Cemetery System, and Edward Lewis--nominated to the position of Assistant Secretary for Information Resources Management. Both of these individuals are fine nominees.

Having graduated from both Penn State University and George Washington University, Mrs. Webb has an employment background which will serve her well as Director of the National Cemetery System. In the public sector, she has served as both a health systems specialist at the Department of Veterans Affairs, and as Chairperson of the Health Subcommittee of the VA Women's Advisory Committee. I might add that she is a veteran, having served in the U.S. Army Nurse Corps in various capacities. Many of the positions she held on active duty included managerial responsibilities, such as serving as head nurse of the Opthamalogical Surgery Service at Walter Reed Medical Center. She also served in the Army Reserves, and was honorably discharged at the rank of Captain.

Her involvement in the private sector has included work as a health care consultant, freelance writer, and real estate salesperson. Not only is she busy in the work force, but she also has three young children under the age of ten. Just a couple years ago, it was my pleasure to be involved in confirmation hearings before the Armed Services Committee for your husband, James Webb, to be Secretary of the Navy. I commend both of you on your dedication to public service.

It is also a privilege to consider this morning the nomination of Edward Lewis to be Assistant Secretary for Information Resources Management. A graduate of the Naval Academy, Mr. Lewis later received a Masters Degree in Mechanical Engineering and a Masters in Business Administration. He served over 20 years in the United States Marine Corps and retired as a Lieutenant Colonel last year. During his service, he was awarded the Bronze Star with "V", and two Meritorious Service medals.

Mr. Chairman, it is important that we get all the nominees in place at the new Department of Veterans Affairs. I am very interested in the functioning of the VA as a new Department, and I want to commend you for scheduling this hearing.

At this time, I must leave for another meeting.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name LEWIS (LAST) EDWARD (Ted) (FIRST) GWYN (OTHER)

Present address 2796 Alton Hotel Court Woodbridge (CITY) Virginia (STATE) 22192 (ZIP CODE)

Position to which nominated Assistant Secretary for Information Resources Management

Date of nomination September 18, 1989

Date of birth 13 March 1945 (DAY) (MONTH) (YEAR)

Place of birth Chicago, Illinois

Marital status Married

Full name of spouse Sally Elizabeth Kristine Lewis nee Fearn former married name: Cordi

Names and ages of children Eric Marshall Cordi (stepson) 22 yrs (April 11, 1967)

Education

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
George Washington U.-SGBA Washington, D.C.	09/80 05/89	no	na
Georgetown U. - NSS Washington, D.C.	01/79 05/81	MA Gov't (NSS)	05/81
U. of Maryland College Park, MD	01/71 05/74	MBA	05/74
Columbia U. New York, New York	07/67 05/68	MS Engr Mech	05/68
US Naval Academy Annapolis, MD	06/63 06/67	BS Aero Engr	06/67
Neshannock HS New Castle, PA	09/59 06/63	HS Dipl	06/63

Honors and awards (excludes USNA/HS) List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement

Regional Finalist, White House Fellows Program - 1983

Visiting Military Fellow - CSIS, 1982

Guggenheim Fellowship - Columbia U., 1967

Outstanding Faculty Advisor Citation - AIAA, 1973

PA Engineer-in-Training Certificate, 1973

Personal military decorations include: Bronze Star w/ V, Meritorious Service Medal (two), Navy Achievement Medal, and Combat Action Ribbon, plus unit awards.

Several Letters/Certificates of Appreciation; various academ
honors during military service

Memberships

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last five years and any other prior memberships or offices you consider relevant

Organization	Office held (if any)	Dates
Planning Forum	Dir; VP Programs	10/86 - Present
Am Inst Astro & Aero	no	06/67 - Present
Marine Corps Ass'n	no	11/68 - Present
US Naval Institute	no	06/67 - Present
USNA Alumni Ass'n	no	06/67 - Present
USNA Athletic Ass'n	no	06/67 - Present
Lake Ridge-Occoquan Civic Ass'n	no	1981 - Present
Lake Ridge Rec Ass'n	no	10/78 - Present
Int'l Studies Ass'n	no	1982 - Present
USNA Alumni Ass'n Wash, DC	no	1981 - Present
Georgetown Alumni Club	no	1981 - Present
Blue Knob Ski & Country Club	no	1983 - Present
Disabled American Veterans	no	06/89 - Present
Marine Executive Ass'n	no	04/88 - Present
The Retired Officers Ass'n	no	03/88 - Present
Navy Mutual Aid Ass'n	no	03/88 - Present

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Employment record

List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment

Special Asst to Secretary of Veterans Affairs, Dept of VA
Washington, D.C. 06/89 - Present

Dep Asst to Sec/Dep Sec of Defense (WH Ln Off), DoD
Washington, D.C. 01/89 - 04/89

Manager, Resume Mgt Office, Office of the President-Elect
Washington, D.C. 11/88 - 01/89

Director, Mgt Support Services, BUSH - QUAYLE '88
Washington, D.C. 08/88 - 11/88

Director, Delegate Mgt Office, 1988 GBFP Presidential Campaig
Washington, D.C. 04/88 - 08/88

Adjunct Lecturer, SBA, Georgetown U.
Washington, D.C. 01/88 - 05/88

Military service

List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge

US Marine Corps, 06/67 - 01/88, Honorable Discharge, retired as Lieutenant Colonel; US Navy, 06/63 - 06/67, Honorable Discharge, Midshipman (USNA)

Marine Corps assignments/duty stations include:

-over-

Memberships:

Quantico Officers Club	no	09/86 - Present
Strategic Mgt Society	no	08/86 - Present
American Mgt Ass'n	no	1986 - Present
National Geographic Society	no	1981 - Present
American Legion	no	08/89 - Present
Veterans of Foreign Wars	no	10/81 - 12/83 06/89 - Present
Boy Scout Coordinating Comm	Trans Coord	1979 - 06/85
EPA Sports Club	no	1979 - 06/85
Devils Reach Racquet Club	no	1980 - 1987
OWL Volunteer Fire Dept	no	1981 - 1983
Woodbridge HS PSO/Boosters	no	1981 - 1985
Ass'n MBA Executives	no	1986 - 01/89
GWU Doctoral Students Ass'n	no	09/82 - 05/89

Military Service:

Member, Advanced Amphibious Study Group (Concepts/Plans Br)
Quantico, VA 09/86 - 01/88
HQMC Rep, DoD Competitive Strategies Task Force, OSD (TAD)
Washington, D.C. 07/87 - 11/87
Action Officer, Strategic Initiatives Branch, Plans Div, HQMC
Washington, D.C. 08/84 - 08/86
Action Officer, Joint Strategy & Planning Branch, Plans Div, HQ
Washington, D.C. 07/83 - 07/84
Visiting Military Fellow, Center for Strategic & Int'l Studies
Washington, D.C. 07/82 - 06/83
Student, Armed Forces Staff College
Norfolk, VA 01/82 - 06/82
Enlisted Manpower Analyst, Mpr Plans & Policy Branch, HQMC
Washington, D.C. 10/78 - 12/81
Commanding Officer/Support Opns Officer, Det A, 3rd FSSG
MCAS, Iwakuni, Japan 09/77 - 09/78
Student, USA Inst for Advanced Russian & East European Studies
Garmisch, Federal Republic of Germany 07/76 - 05/77
Student, Defense Language Institute
Presidio of Monterey, CA 09/75 - 06/76
Company Commander, Company E/H&S Company, 2nd Bn, 8th Mar
Camp Lejeune, North Carolina 07/74 - 05/75
Student, Amphibious Warfare School
Quantico, VA 08/73 - 06/74
Instructor, Aerospace Engr Dept, USNA
Annapolis, MD 08/70 - 07/73
Company Commander/Staff Officer, 3rd Bn, 5th Mar
An Hoa, Republic of Vietnam 12/68 - 07/70
Student, The Basic School
Quantico, VA 06/68 - 11/68
Student, School of Engr and Applied Science, Columbia U.
New York, NY 07/67 - 05/68
Student, USNA
Annapolis, MD 06/63 - 06/67

Government experience

List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments other than those listed above.

Class A Consultant (part time, no fee), Concepts & Plans
Branch, Warfighting Center, MCCDC, Quantico, VA, 1988

Published writings

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

One article published outside DoD: "The Battle for Europe
Will NATO Deploy the Cruise and Pershing Missles?"
Europe Magazine, Mar/Apr 1983

Political affiliations and activities

1. List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years.

(see Employment record)
Member of Republican Party
Participated in the 1988 GBFP Presidential Primary Campaign
Participated in the 1988 Republican National Convention
Participated in the 1988 BUSH-QUAYLE Presidential Campaign
Participated in the Office of the President-Elect, 1988/89
Provided $30.00 to Campo for President, YR, 1989

2. List all elective public offices for which you have been a candidate and the month and year of each election involved.

None

Future employment relationships

1 Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

Not applicable

2 State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization.

No plans

3 What commitments, if any, have been made to you for employment after you leave Federal service?

None

4 (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

Not applicable

5 (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

Yes

Potential conflicts of interest

1 Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2 List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

None

3 Describe any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated

None

4 Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy

None

5 Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

Not applicable

Testifying before the Congress

1 Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

Yes

2 Do you agree to provide such information as is requested by such a committee?

Yes, consistent with the obligations imposed on all officials

-over-

Testifying before Congress

of the Executive Branch to uphold the Constitution and laws of the United States, including, where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31 U.S.C. Sec 1108, OMB Circular A-11, and Executive Privilege.

United States
Office of Government Ethics
Suite 500, 1201 New York Avenue, N.W.
Washington, D.C. 20005-3919

October 3, 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Edward G. Lewis, who has been nominated by President Bush for the position of Assistant Secretary for Information Resources Management at the Department of Veterans Affairs.

We have reviewed the report and have also obtained advice from the Department of Veterans Affairs concerning any possible conflict in light of its functions and the nominee's proposed duties.

Based thereon, we believe that Mr. Lewis is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Donald E Campbell

Donald E. Campbell
Deputy Director

Enclosure

Department of
Veterans Affairs

In Reply Refer To

The Honorable Alan Cranston
Chairman, Committee on Veterans' Affairs
United States Senate
Russell Senate Office Building, Room 414
Washington, DC 20510

Dear Mr. Chairman:

Enclosed are the original plus 40 copies of my answers to your twelve pre-hearing questions and of my opening remarks for the confirmation hearing.

If I can be of further assistance or provide any additional information, please let me know.

Sincerely yours,

Edward G. Lewis
Assistant Secretary for Information
Resources Management - Designate

Enclosures

1. Please describe the duties and responsibilities of the Assistant Secretary for Information Resources Management and submit an organizational table.

The Assistant Secretary for Information Resources Management is responsible for ensuring that all information resources management activities within the Department of Veterans Affairs support and enhance the services that are provided by the Department to our country's veterans by ensuring effective and efficient execution of these information resources management activities and by ensuring compliance with all government-wide and Departmental laws, directives, regulations, and policies addressing information resources management activities.

The Assistant Secretary for Information Resources Management, as the designated senior official for Information Resources Management in the Department of Veterans Affairs, is responsible to carry out those information resources management duties/functions as defined in Chapter 35 of the Paperwork Reduction Act of 1980, and, as amended, 1986; as the designated Chief Information Resources Officer within the Department of Veterans Affairs, is responsible to carry out those information resources management duties/functions as defined in Section 4 of the Department of Veterans Affairs Act of 1988; and is responsible to carry out those information resources management duties/functions as defined in OMB Circular A-130 (Management of Federal Information Resources) and in the attached Assistant Secretary's Function Statement.

The current organizational table for the Office of the Assistant Secretary for Information Resources Management is attached.

ASSISTANT SECRETARY FOR INFORMATION RESOURCES
CHIEF INFORMATION RESOURCES OFFICER

The position serves as the Chief Information Resources Officer for the Department of Veterans Affairs and is responsible for Departmentwide policy determinations for all information resources programs;

Responsible for policy-level management, oversight, coordination, development and integration of all activities related to VA's Information Resources Management Program;

Ensures provision of electronic data processing services for major programs on a Departmentwide basis;

Oversees implementation of Paperwork Reduction Act; Departmentwide ADP/telecommunications policy, planning, standards and data integration; major ADP systems acquisition programs, information systems, reports and regulations, and mail policy; and, provides support, policy direction and, guidance to meet the requirements of the Freedom of Information Act (FOIA) and the Privacy Act of 1974;

Ensures installation of systems which provide for implementation of all applicable Governmentwide and Department information policies, principles, standards and guidelines with respect to information collection, paperwork reduction, privacy and security of records, sharing and dissemination of information, acquisition and use of information technology, and other information resource management functions;

Reviews and analyzes the accuracy, completeness, and reliability of data and records maintained within Department information systems to ensure that they provide accurate statistical and research data;

Develops computer systems design and programming to ensure Department and legislative requirements are met;

Establishes and ensures effective utilization of the Department's data bases;

Oversees operation of data processing centers and computer programming and telecommunications support functions in central office and the field;

Ensures compatibility of systems with projected program objectives and with computer applications and capabilities;

Develops and implements interface between systems used throughout the Department and other Federal organizations (e.g., Social Security, FBI, and so forth);

Provides ongoing user and staff training to ensure appropriate and effective use of systems;

Conducts periodic evaluation of subordinate programs and plans and implements improvements in the accuracy, completeness, and reliability of data and records contained within Department information systems;

In concert with other senior management officials develops the short and long-range plans for meeting the Department's information technology needs;

Allocates human resources necessary to carry out the objectives of the organization;

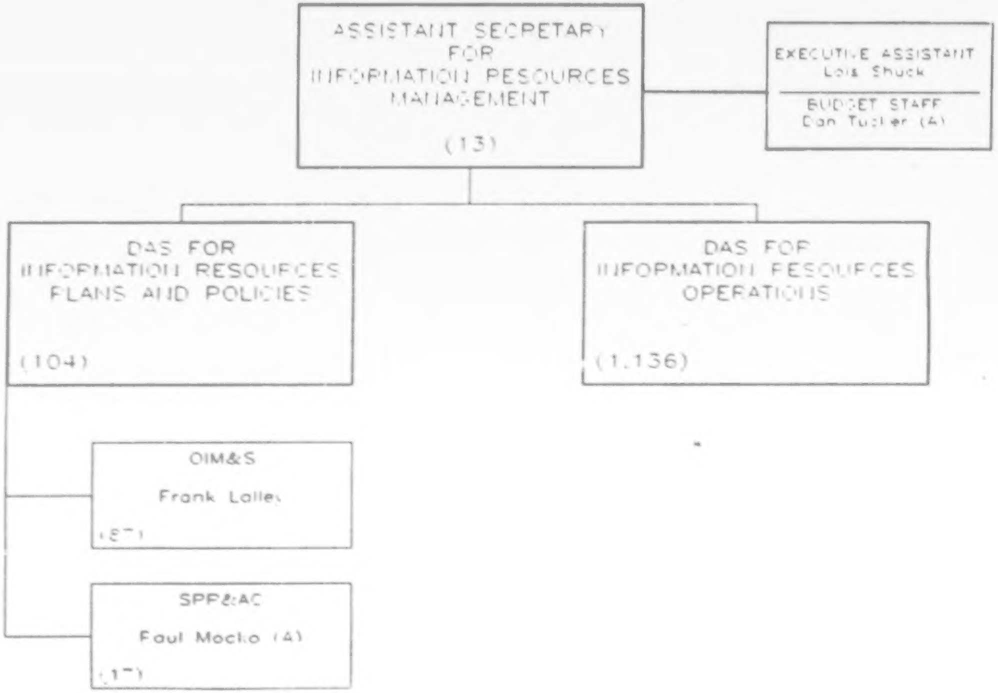
Ensures the initiation of, reviews and approves security plans for current and proposed information technology, and oversees the provision of mandatory periodic training in computer security awareness and practice for Department employees in accordance with guidance from the Office of Personnel Management;

Serves on the Department's Data Integrity Board and ensures administrative support for the activities of the Data Integrity Board; and,

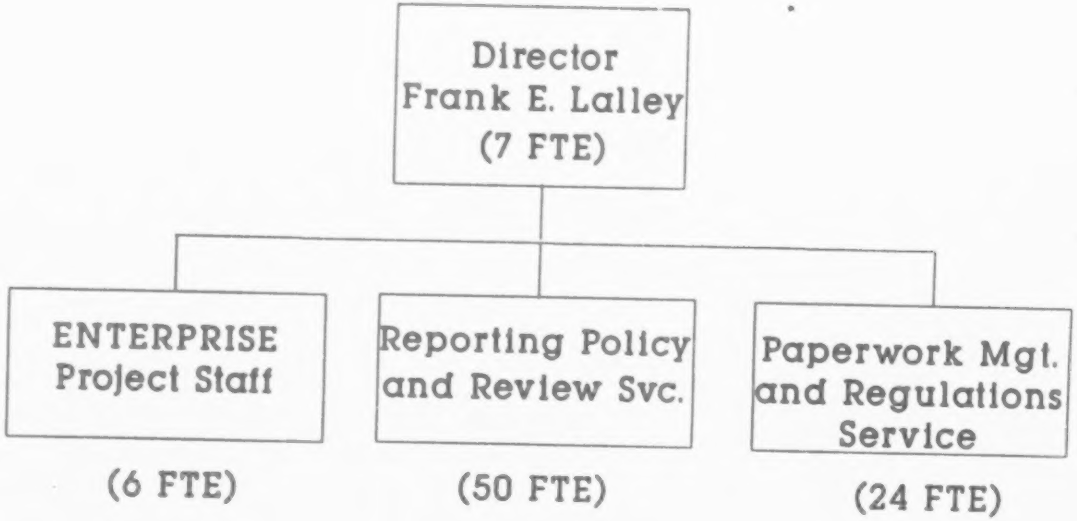
Ensures that the Department complies with the Federal Information Processing Standards (FIPS), where applicable, in the VA's use and acquisition of information technology, and where appropriate, waives the application of the FIPS in accordance with the Computer Security Action of 1987 and the delegation of waiver authority from the Secretary of Commerce.

OFFICE OF THE ASSISTANT SECRETARY FOR INFORMATION RESOURCES MANAGEMENT

Authorized FY 1990 FTEE Level


ASSISTANT SECRETARY FOR INFORMATION RESOURCES MANAGEMENT
(13)
EXECUTIVE ASSISTANT
Lois Shuck
BUDGET STAFF
Dan Tucker (A)
DAS FOR INFORMATION RESOURCES PLANS AND POLICIES
(104)
DAS FOR INFORMATION RESOURCES OPERATIONS
(1,136)
OIM&S
Frank Lalley
(87)
SPP&AC
Paul Mocko (A)
(17)

OFFICE OF INFORMATION MANAGEMENT AND STATISTICS.



Director
Frank E. Lalley
(7 FTE)

ENTERPRISE
Project Staff

(6 FTE)

Reporting Policy
and Review Svc.

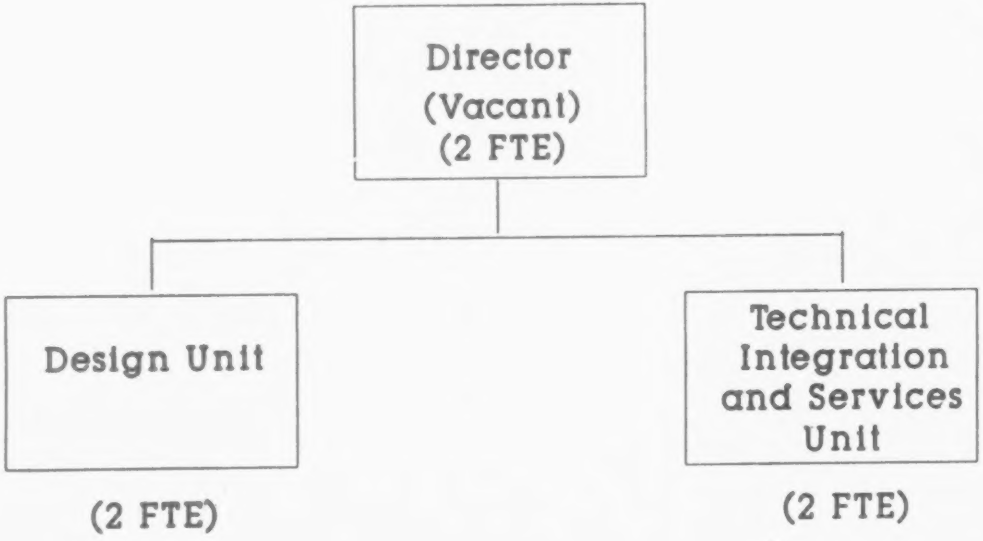
(50 FTE)

Paperwork Mgt.
and Regulations
Service

(24 FTE)

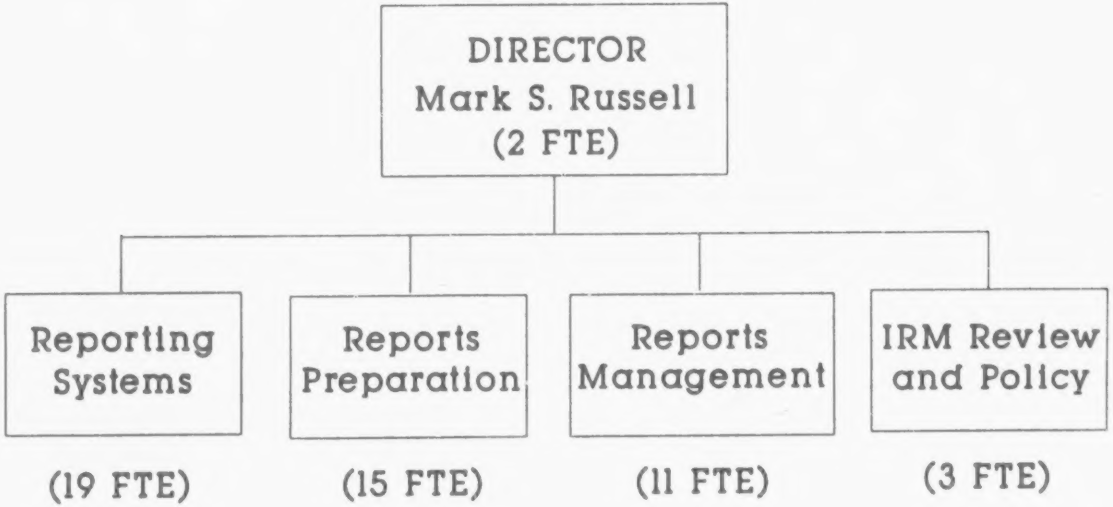
Total: 87 FTE

ENTERPRISE PROJECT STAFF


Director
(Vacant)
(2 FTE)
Design Unit
(2 FTE)
Technical Integration and Services Unit
(2 FTE)

Total: 6 FTE

REPORTING POLICY AND REVIEW SERVICE



DIRECTOR
Mark S. Russell
(2 FTE)

Reporting Systems
(19 FTE)

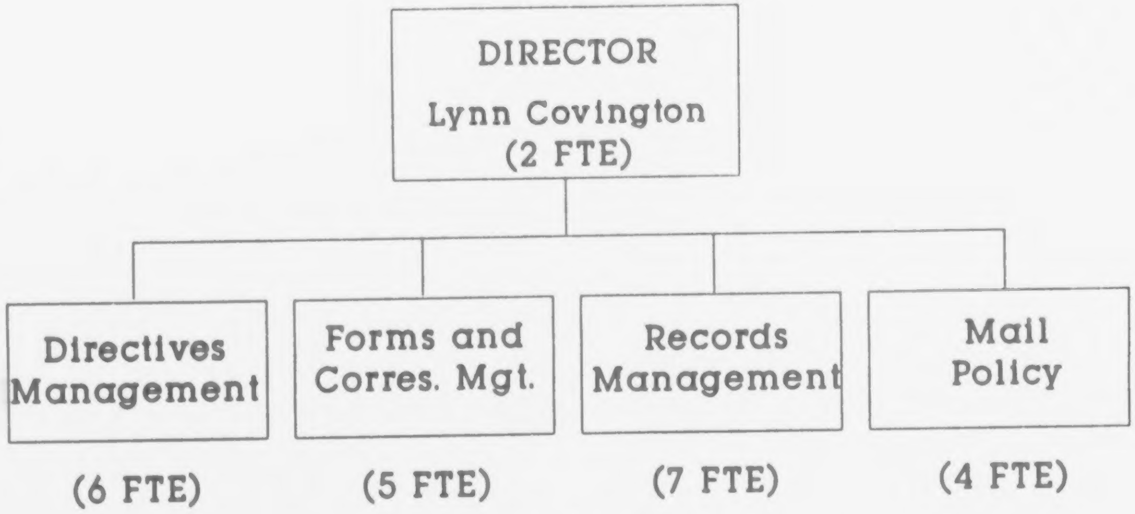
Reports Preparation
(15 FTE)

Reports Management
(11 FTE)

IRM Review and Policy
(3 FTE)

Total: 50 FTE

PAPERWORK MANAGEMENT AND REGULATIONS SERVICE



DIRECTOR
Lynn Covington
(2 FTE)

Directives Management (6 FTE)

Forms and Corres. Mgt. (5 FTE)

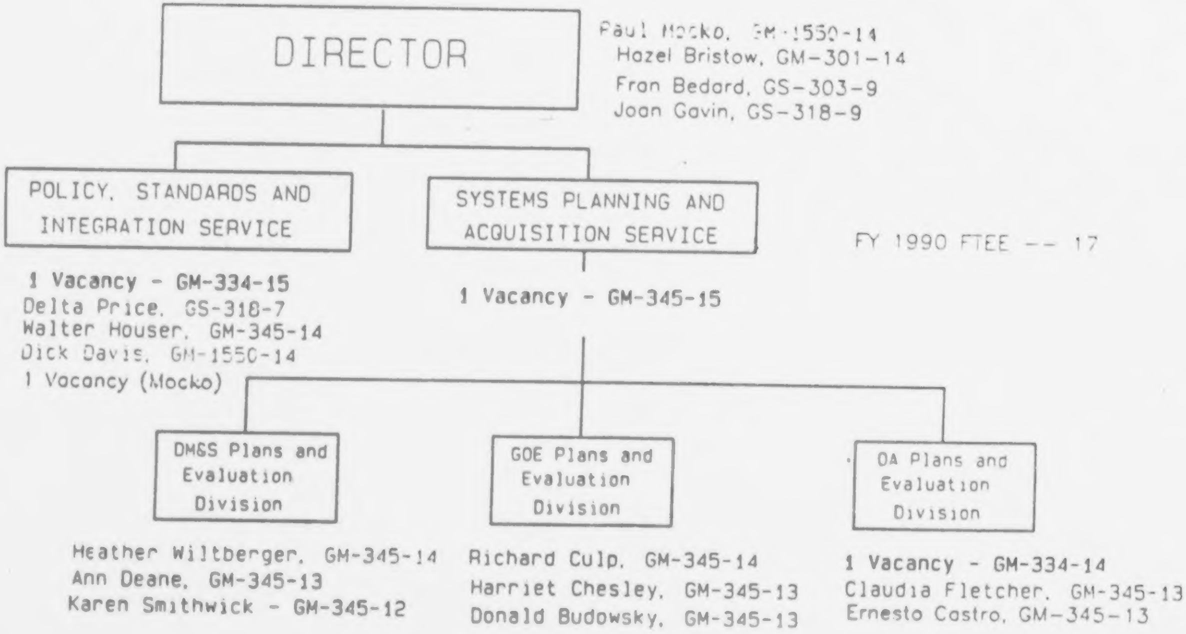
Records Management (7 FTE)

Mail Policy (4 FTE)

Total: 24 FTE

August 1989

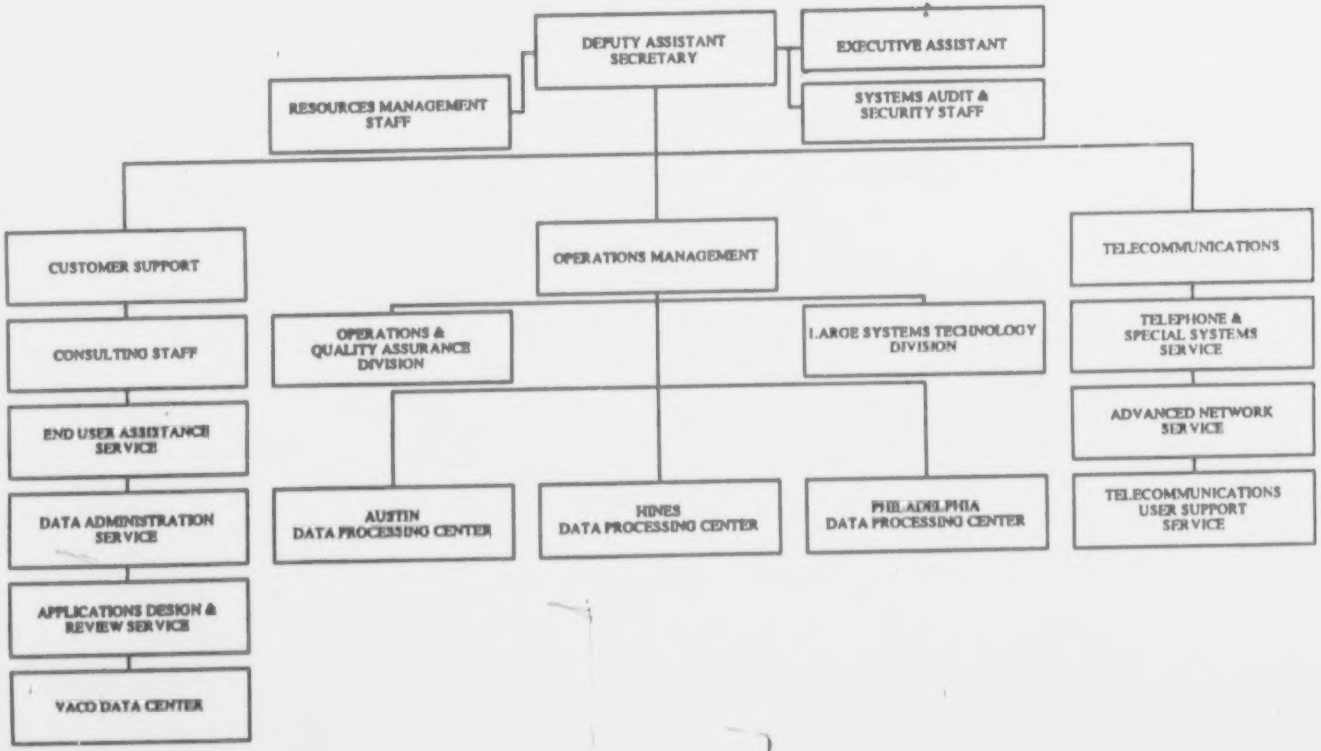
OFFICE OF SYSTEMS PLANNING POLICY AND ACQUISITION CONTROL


DIRECTOR
Paul Mocko, GM-1550-14
Hazel Bristow, GM-301-14
Fran Bedard, GS-303-9
Joan Gavin, GS-318-9
POLICY, STANDARDS AND INTEGRATION SERVICE
1 Vacancy - GM-334-15
Delta Price, GS-318-7
Walter Houser, GM-345-14
Dick Davis, GM-1550-14
1 Vacancy (Mocko)
SYSTEMS PLANNING AND ACQUISITION SERVICE
1 Vacancy - GM-345-15
DM&S Plans and Evaluation Division
Heather Wiltberger, GM-345-14
Ann Deane, GM-345-13
Karen Smithwick - GM-345-12
GOE Plans and Evaluation Division
Richard Culp, GM-345-14
Harriet Chesley, GM-345-13
Donald Budowsky, GM-345-13
OA Plans and Evaluation Division
1 Vacancy - GM-334-14
Claudia Fletcher, GM-345-13
Ernesto Castro, GM-345-13

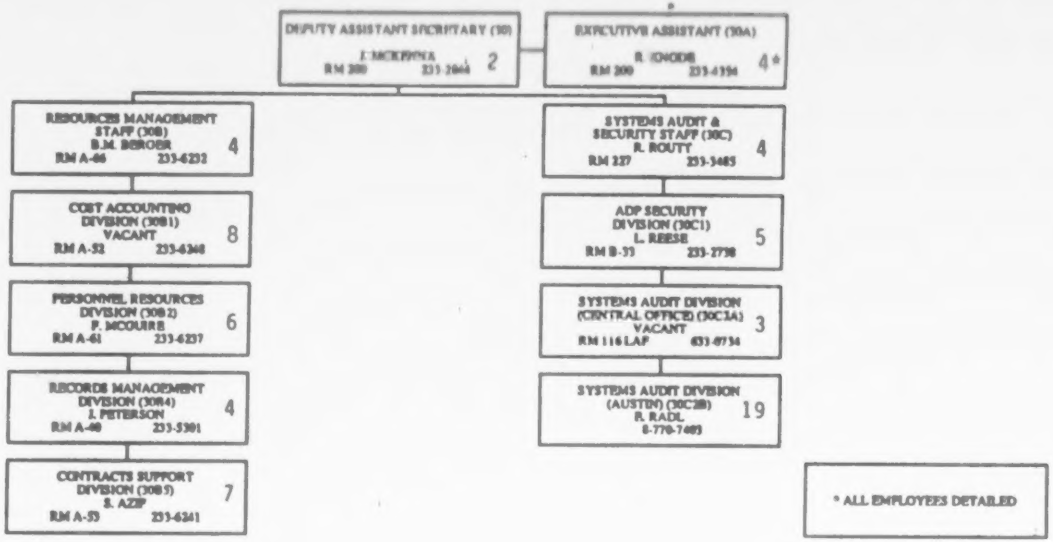
FY 1990 FTEE -- 17

OFFICE OF INFORMATION RESOURCES OPERATIONS

(FORMERLY THE OFFICE OF INFORMATION SYSTEMS AND TELECOMMUNICATIONS)


DEPUTY ASSISTANT SECRETARY
EXECUTIVE ASSISTANT
RESOURCES MANAGEMENT STAFF
SYSTEMS AUDIT & SECURITY STAFF
CUSTOMER SUPPORT
OPERATIONS MANAGEMENT
TELECOMMUNICATIONS
CONSULTING STAFF
OPERATIONS & QUALITY ASSURANCE DIVISION
LARGE SYSTEMS TECHNOLOGY DIVISION
TELEPHONE & SPECIAL SYSTEMS SERVICE
END USER ASSISTANCE SERVICE
ADVANCED NETWORK SERVICE
DATA ADMINISTRATION SERVICE
AUSTIN DATA PROCESSING CENTER
HINES DATA PROCESSING CENTER
PHILADELPHIA DATA PROCESSING CENTER
TELECOMMUNICATIONS USER SUPPORT SERVICE
APPLICATIONS DESIGN & REVIEW SERVICE
VACO DATA CENTER

OFFICE OF THE DEPUTY ASSISTANT SECRETARY



DEPUTY ASSISTANT SECRETARY (30)
J. MCKENNA
RM 200 233-2844 2

EXECUTIVE ASSISTANT (30A)
R. KNODE
RM 200 233-4394 4*

RESOURCES MANAGEMENT STAFF (30B)
B.M. BERGER
RM A-46 233-6232 4

COST ACCOUNTING DIVISION (30B1)
VACANT
RM A-52 233-6248 8

PERSONNEL RESOURCES DIVISION (30B2)
F. MCGUIRE
RM A-61 233-6237 6

RECORDS MANAGEMENT DIVISION (30B4)
J. PETERSON
RM A-40 233-5301 4

CONTRACTS SUPPORT DIVISION (30B5)
S. AZIP
RM A-53 233-6241 7

SYSTEMS AUDIT & SECURITY STAFF (30C)
R. ROUTT
RM 227 233-3485 4

ADP SECURITY DIVISION (30C1)
L. REESE
RM B-33 233-2738 5

SYSTEMS AUDIT DIVISION (CENTRAL OFFICE) (30C2A)
VACANT
RM 116 LAP 633-0734 3

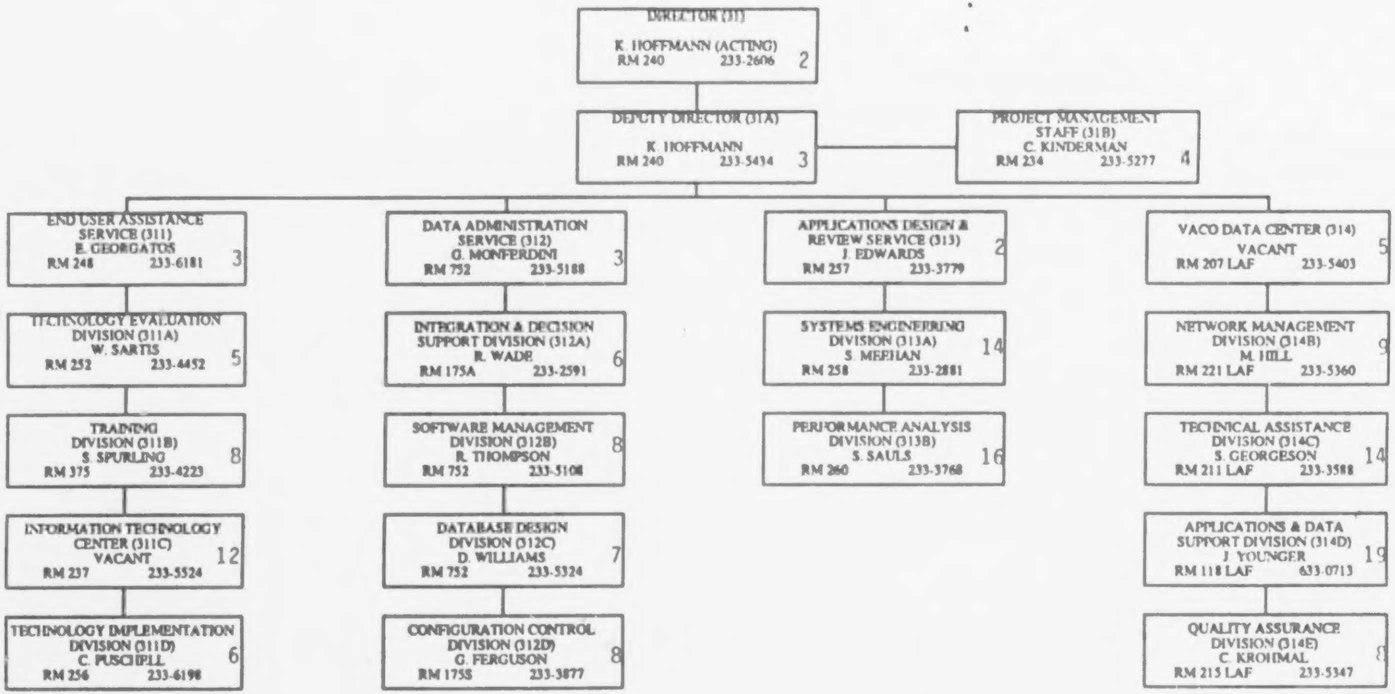
SYSTEMS AUDIT DIVISION (AUSTIN) (30C2B)
R. RADL
8-770-7403 19

* ALL EMPLOYEES DETAILED

FY 1989 Ceiling: 69

Numbers in organizational boxes reflect onboard strength.

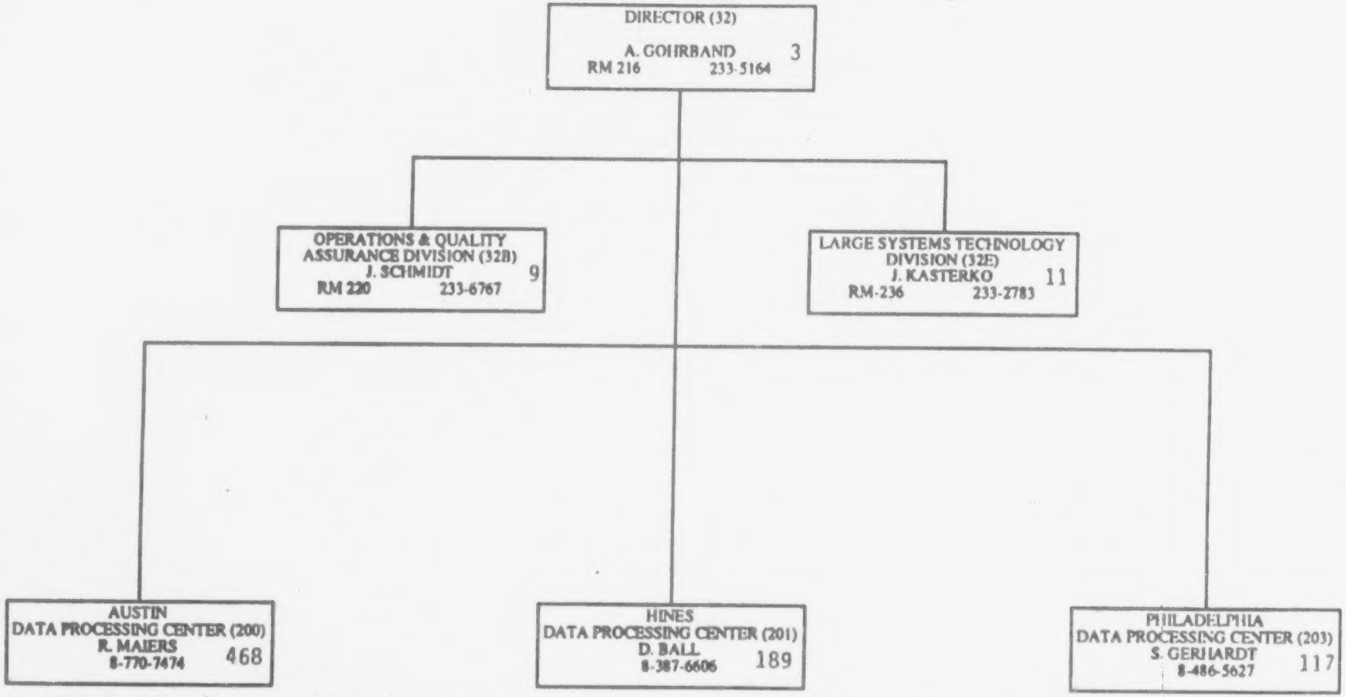
CUSTOMER SUPPORT


DIRECTOR (31)
K. HOFFMANN (ACTING)
RM 240 233-2606 2
DEPUTY DIRECTOR (31A)
K. HOFFMANN
RM 240 233-5434 3
PROJECT MANAGEMENT STAFF (31B)
C. KINDERMAN
RM 234 233-5277 4
END USER ASSISTANCE SERVICE (311)
E. GEORGATOS
RM 248 233-6181 3
TECHNOLOGY EVALUATION DIVISION (311A)
W. SARTIS
RM 252 233-4452 5
TRAINING DIVISION (311B)
S. SPURLING
RM 375 233-4223 8
INFORMATION TECHNOLOGY CENTER (311C)
VACANT
RM 237 233-5524 12
TECHNOLOGY IMPLEMENTATION DIVISION (311D)
C. PUSCHELL
RM 256 233-6198 6
DATA ADMINISTRATION SERVICE (312)
G. MONFERDINI
RM 752 233-5188 3
INTEGRATION & DECISION SUPPORT DIVISION (312A)
R. WADE
RM 175A 233-2591 6
SOFTWARE MANAGEMENT DIVISION (312B)
R. THOMPSON
RM 752 233-5108 8
DATABASE DESIGN DIVISION (312C)
D. WILLIAMS
RM 752 233-5324 7
CONFIGURATION CONTROL DIVISION (312D)
G. FERGUSON
RM 175S 233-3877 8
APPLICATIONS DESIGN & REVIEW SERVICE (313)
J. EDWARDS
RM 257 233-3779 2
SYSTEMS ENGINEERING DIVISION (313A)
S. MEEHAN
RM 258 233-2881 14
PERFORMANCE ANALYSIS DIVISION (313B)
S. SAULS
RM 260 233-3768 16
VACO DATA CENTER (314)
VACANT
RM 207 LAF 233-5403 5
NETWORK MANAGEMENT DIVISION (314B)
M. HILL
RM 221 LAF 233-5360 9
TECHNICAL ASSISTANCE DIVISION (314C)
S. GEORGESON
RM 211 LAF 233-3588 14
APPLICATIONS & DATA SUPPORT DIVISION (314D)
J. YOUNGER
RM 118 LAF 633-0713 19
QUALITY ASSURANCE DIVISION (314E)
C. KROHMAL
RM 215 LAF 233-5347 8

FY 1989 Ceiling: 175

Numbers in organizational boxes reflect onboard strength.

OPERATIONS MANAGEMENT



DIRECTOR (32)
A. GOHRBAND 3
RM 216 233-5164

OPERATIONS & QUALITY
ASSURANCE DIVISION (32B)
J. SCHMIDT 9
RM 220 233-6767

LARGE SYSTEMS TECHNOLOGY
DIVISION (32E)
J. KASTERKO 11
RM-236 233-2783

AUSTIN
DATA PROCESSING CENTER (200)
R. MAIERS
8-770-7474 468

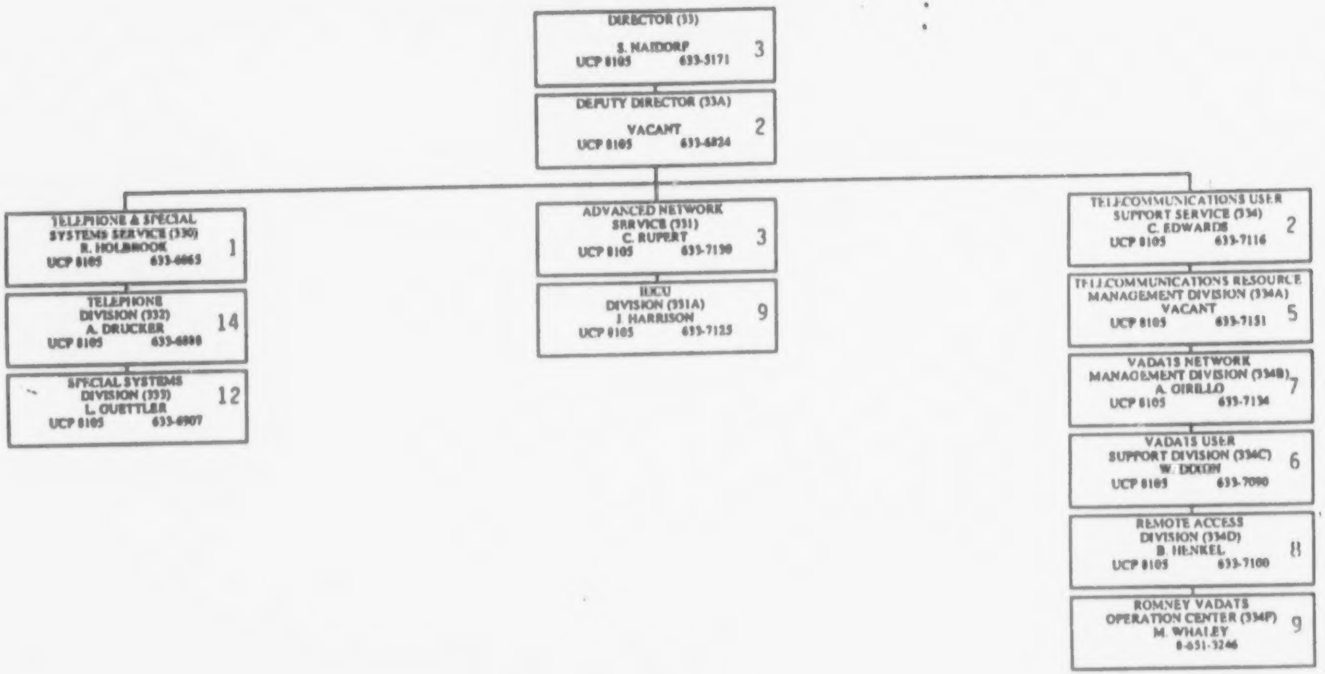
HINES
DATA PROCESSING CENTER (201)
D. BALL
8-387-6606 189

PHILADELPHIA
DATA PROCESSING CENTER (203)
S. GERHARDT
8-486-5627 117

FY 1989 Ceiling (Central Office): 24
FY 1989 Ceiling (Austin DPC): 485
FY 1989 Ceiling (Hines DPC): 197
FY 1989 Ceiling (Philadelphia DPC): 124

Numbers in organizational boxes reflect onboard strength.

TELECOMMUNICATIONS



DIRECTOR (33)
S. NAIDORF
UCP 8105 633-5171
3

DEPUTY DIRECTOR (33A)
VACANT
UCP 8105 633-6824
2

TELEPHONE & SPECIAL SYSTEMS SERVICE (330)
R. HOLBROOK
UCP 8105 633-6065
1

TELEPHONE DIVISION (332)
A. DRUCKER
UCP 8105 633-6888
14

SPECIAL SYSTEMS DIVISION (333)
L. GUETTLER
UCP 8105 633-6907
12

ADVANCED NETWORK SERVICE (331)
C. RUPERT
UCP 8105 633-7130
3

HCU DIVISION (331A)
J. HARRISON
UCP 8105 633-7125
9

TELECOMMUNICATIONS USER SUPPORT SERVICE (334)
C. EDWARDS
UCP 8105 633-7116
2

TELECOMMUNICATIONS RESOURCE MANAGEMENT DIVISION (334A)
VACANT
UCP 8105 633-7151
5

VADATS NETWORK MANAGEMENT DIVISION (334B)
A. CIRILLO
UCP 8105 633-7134
7

VADATS USER SUPPORT DIVISION (334C)
W. DIXON
UCP 8105 633-7090
6

REMOTE ACCESS DIVISION (334D)
B. HENKEL
UCP 8105 633-7100
8

ROMNEY VADATS OPERATION CENTER (334F)
M. WHALEY
8-651-3246
9

FY 1989 Ceiling: 90

Numbers in organizational boxes reflect onboard strength.

2. What discussions, if any, have you had with VA medical center directors and health care professionals on the degree of user-satisfaction with the Decentralized Hospital Computer Program (DHCP), and what were your findings in these discussions?

I have had initial discussions and orientation briefings on the Decentralized Hospital Computer Program (DHCP) with various personnel in VHS&RA including the Director, Hines VAMC; Assistant Director, San Antonio VAMC; and personnel from MIRMO, the VACO Clinical Services staff, DMMS, CHAMPVA, Hines ISC, and the Field IRM Advisory Committee. I have also toured the Hines ISC and the hospitals at Hines and San Antonio, discussing with various hospital staff employees their use of the DHCP system. During these discussions, the degree of user satisfaction was addressed. Based on comments made, these VHS&RA personnel are generally happy with the DHCP concept, and those in the hospitals actually using the system appear to be pleased with the current on-line capabilities of the system, particularly in comparison to previous capabilities. The criticisms voiced during these discussions focused primarily on implementation of and procedures within the program.

I fully intend in the months ahead to visit additional VHS&RA facilities and to engage in further and more detailed discussions about DHCP with VHS&RA personnel in order to gain a complete understanding and full appreciation of this program, since DHCP, conceptually in its full implementation as I understand, has the potential to significantly enhance the capabilities of VHS&RA to provide better medical services to our veterans.

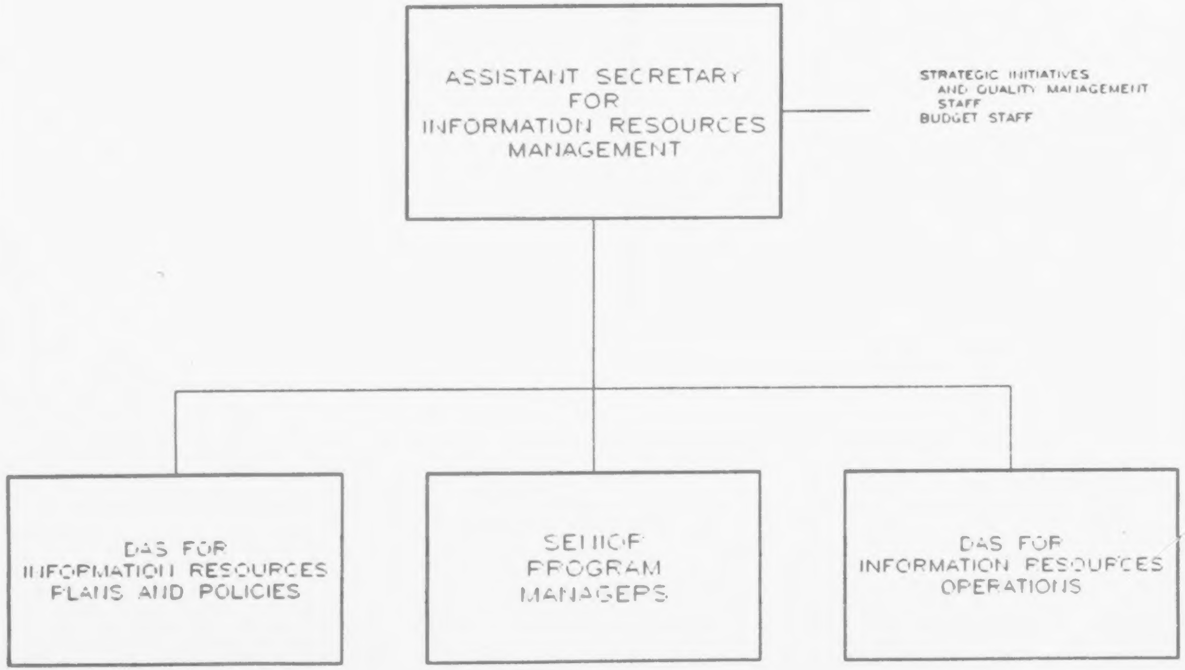
3. Have you discussed with the Chief Medical Director, the Chief Benefits Director, and the nominee for Director of, and the Acting Director of, the National Cemetery System their preferences as to the organizational location of their information resources management (IRM) functions?

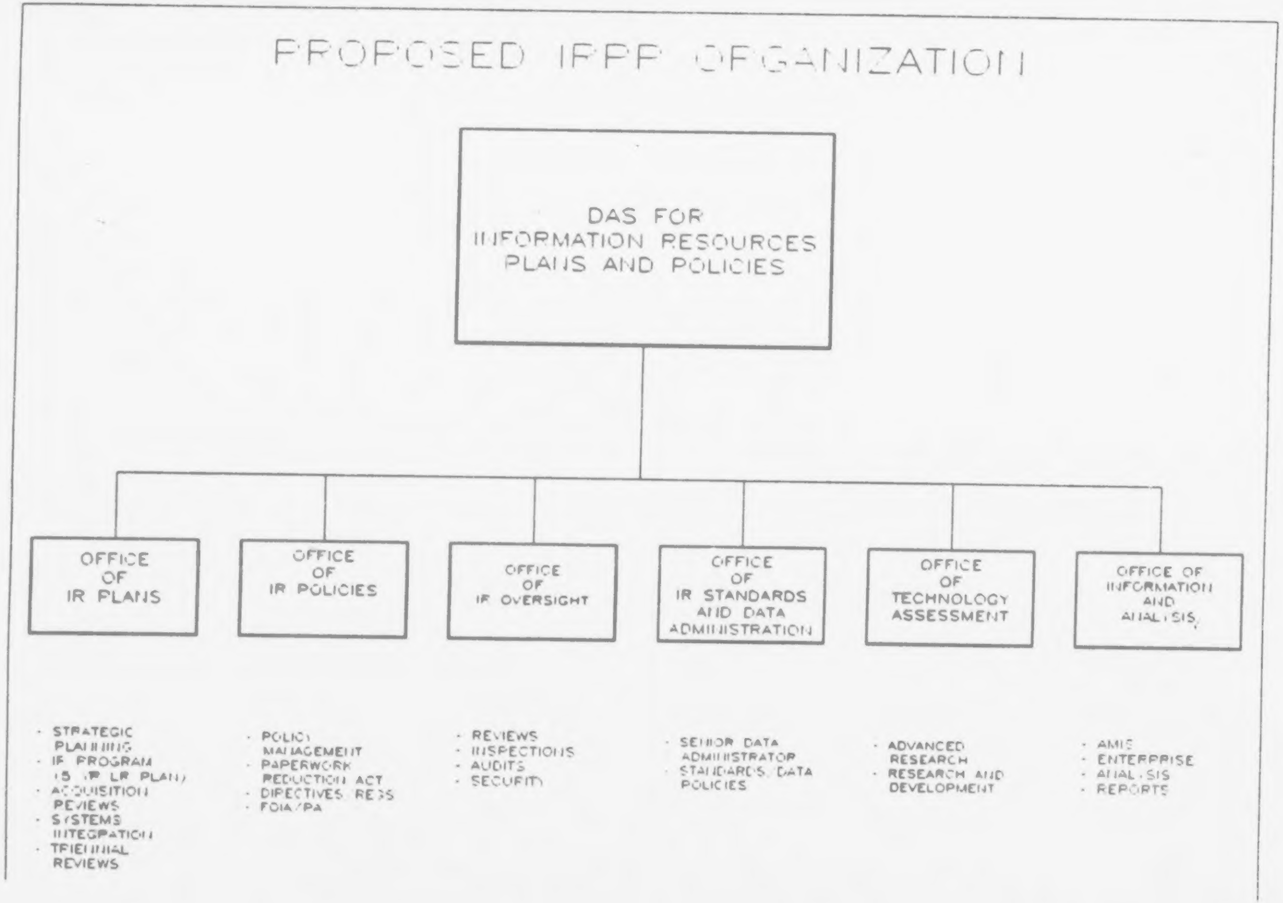
A. If yes, what were the expressed preferences of these individuals?

B. If no, what plans do you have to engage in such discussions and when will they take place?

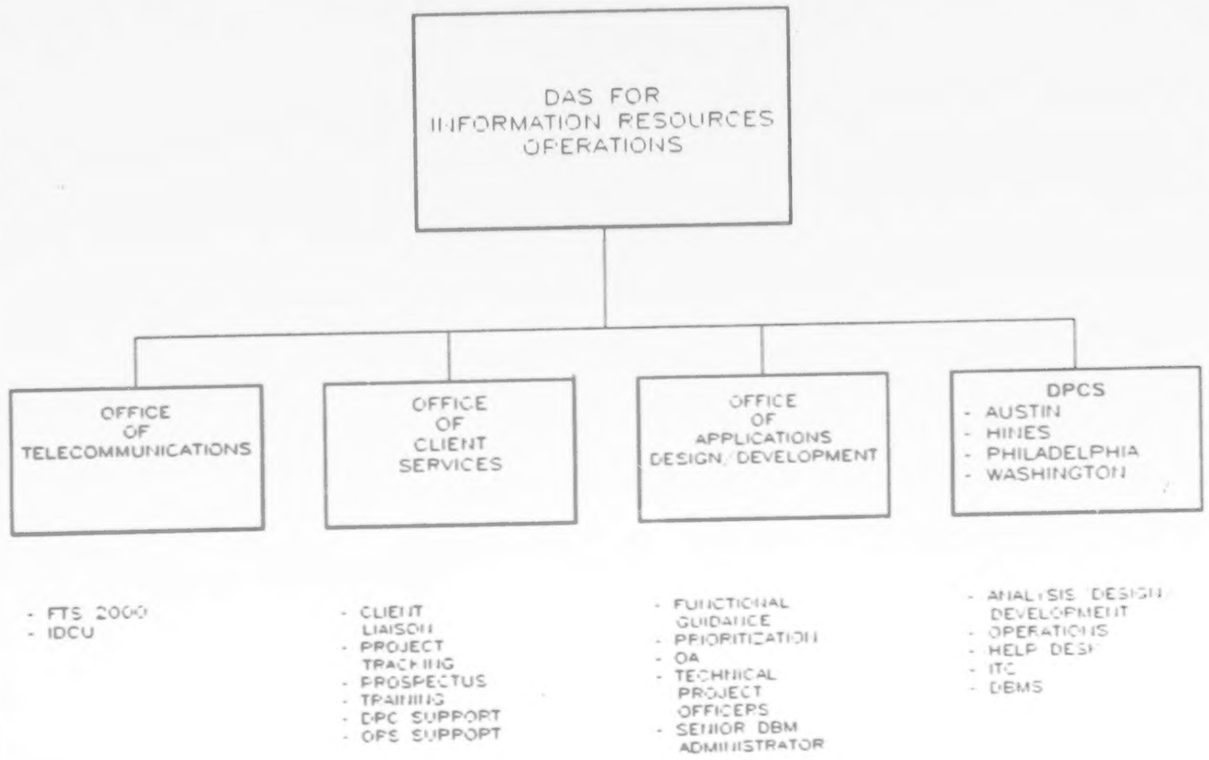
No. At this time, I have no plans to engage in such discussions since no formal proposals exist to change the organizational location of IRM functions in VHS&RA, VBA, and NCS (it is my understanding that, even with VHS&RA's proposed changes to their regional structure, there are not any contemplated organizational changes to their IRM functions). If, in the future, a formal proposal is developed to change the organizational location of any IRM functions in any organization in the Department of Veterans Affairs, it will be developed in full concert and coordination with the head of the respective organization.

PROPOSED IRM ORGANIZATION

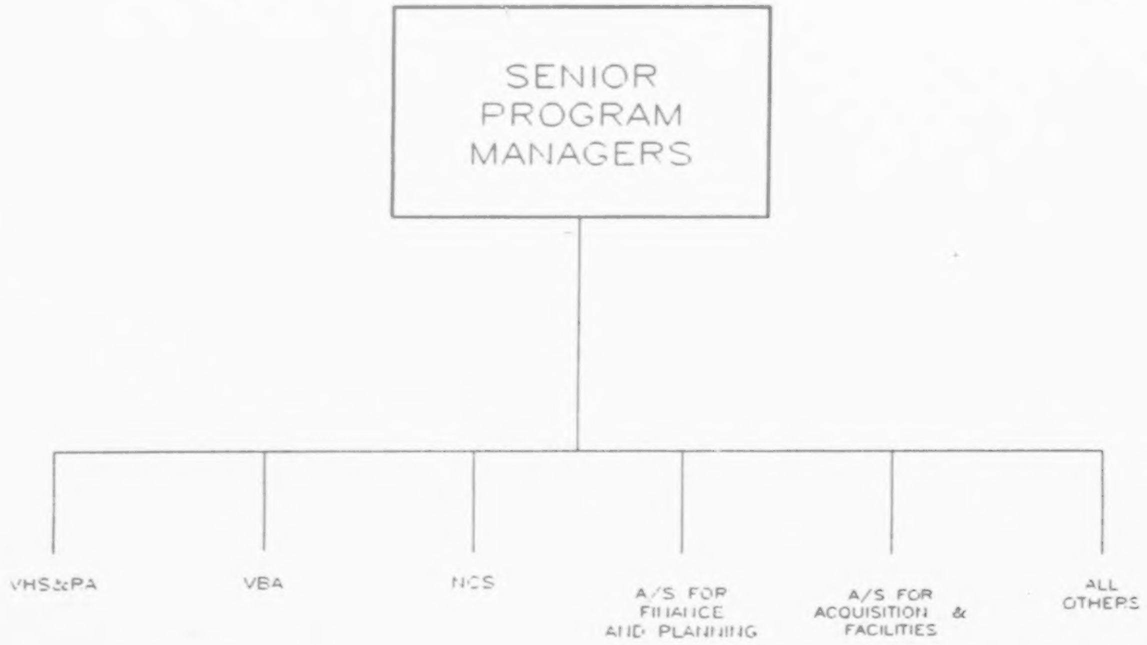

ASSISTANT SECRETARY FOR INFORMATION RESOURCES MANAGEMENT
STRATEGIC INITIATIVES AND QUALITY MANAGEMENT STAFF
BUDGET STAFF
DAS FOR INFORMATION RESOURCES PLANS AND POLICIES
SENIOR PROGRAM MANAGERS
DAS FOR INFORMATION RESOURCES OPERATIONS


PROPOSED IRPP ORGANIZATION
DAS FOR INFORMATION RESOURCES PLANS AND POLICIES
OFFICE OF IR PLANS
OFFICE OF IR POLICIES
OFFICE OF IR OVERSIGHT
OFFICE OF IR STANDARDS AND DATA ADMINISTRATION
OFFICE OF TECHNOLOGY ASSESSMENT
OFFICE OF INFORMATION AND ANALYSIS
· STRATEGIC PLANNING
· IR PROGRAM (5 YR IR PLAN)
· ACQUISITION REVIEWS
· SYSTEMS INTEGRATION
· TRIENNIAL REVIEWS
· POLICY MANAGEMENT
· PAPERWORK REDUCTION ACT
· DIRECTIVES/REGS
· FOIA/PA
· REVIEWS
· INSPECTIONS
· AUDITS
· SECURITY
· SENIOR DATA ADMINISTRATOR
· STANDARDS/DATA POLICIES
· ADVANCED RESEARCH
· RESEARCH AND DEVELOPMENT
· AMIS
· ENTERPRISE
· ANALYSIS
· REPORTS

PROPOSED IRO ORGANIZATION


DAS FOR
INFORMATION RESOURCES
OPERATIONS
OFFICE OF TELECOMMUNICATIONS
OFFICE OF CLIENT SERVICES
OFFICE OF APPLICATIONS DESIGN/DEVELOPMENT
DPCS
- AUSTIN
- HINES
- PHILADELPHIA
- WASHINGTON
- FTS 2000
- IDCU
- CLIENT LIAISON
- PROJECT TRACKING
- PROSPECTUS
- TRAINING
- DPC SUPPORT
- OPS SUPPORT
- FUNCTIONAL GUIDANCE
- PRIORITIZATION
- OA
- TECHNICAL PROJECT OFFICERS
- SENIOR DBM ADMINISTRATOR
- ANALYSIS/DESIGN/ DEVELOPMENT
- OPERATIONS
- HELP DESK
- ITC
- DBMS

PROPOSED IRM ORGANIZATION


SENIOR PROGRAM MANAGERS
VHS&PA
VBA
NCS
A/S FOR FINANCE AND PLANNING
A/S FOR ACQUISITION & FACILITIES
ALL OTHERS

4. Have you proposed changes in Departmental organization structure for IRM programs? If so, please describe them and the status of their consideration within the Department.

Yes, a proposed concept for the organizational realignment of the Office of the Assistant Secretary for Information Resources Management was forwarded to and approved by the Secretary and Deputy Secretary of Veterans Affairs on September 11, 1989. The attached proposed IRM organization describes the approved concept. A Reorganization Implementation Task Force is currently developing this approved concept in greater detail to include a complete organizational structure, alignment of functions, functional statements, personnel requirements within the overall FY90 FTEE ceiling for the Office, and position descriptions. The results of the Task Force will be fully staffed and coordinated with all VA Central Office components, including all Central Office and Field elements of the Office of the Assistant Secretary for Information Resources Management. Upon completion of this staffing, the detailed proposal for the Organizational Realignment of the Office of the Assistant Secretary for Information Resources Management will be forwarded to the Secretary of Veterans Affairs for final approval for implementation.

The Secretary and Deputy Secretary of Veterans Affairs have asked me for my personal views on the future overall role and responsibilities for the Assistant Secretary for Information Resources Management within the VA. On several occasions, I have discussed with the Secretary and Deputy Secretary various concepts on IRM organizational structure, programs, and activities within the VA. These concepts have run the entire gamut of management and organizational philosophies. These discussions, at time, have also included the views of the VA's General Counsel.

At this time, The Secretary and Deputy Secretary have decided not to realign the organizational structure for IRM programs external to the approved concept for the Office of the Assistant Secretary for Information Resources Management.

5. I have long believed, based on VA's very unsuccessful experience from the early 1970s through 1982 in placing information resources management responsibility in the former Department of Data Management and the former Office of Data Management and Telecommunications, that such an approach works to the disadvantage of program managers and hinders the user involvement and support that is critical to the effective functioning of any ADP system. What are your views on this matter?

Within the VA, there are varying levels of information resources management responsibilities. Clearly, those IRM responsibilities, duties and functions for the Assistant Secretary for Information Resources Management as outlined in law, government-wide directives and regulations, and Departmental policies should be fully implemented by the Assistant Secretary. Within the current VA structure, each user has certain IRM responsibilities depending upon many factors, including mission, capabilities, and available resources.

Today, within the VA, the relationship between each user and the IRM organization varies across the entire spectrum from total dependence to almost total independence. The current situation dictates a very flexible management and organizational approach to these organizational IRM relationships and responsibilities.

I fully intend in the future to work very closely with each user organization to ensure that specific IRM responsibilities are identified, thoroughly analyzed, and properly assigned in the most effective and efficient manner possible to ensure that all IRM functions are contributing positively to the enhancement of VA services provided to our nation's veterans.

6. What are your views on the optimal approach with respect to IRM organizational structure, given that the primary mission of VA is to furnish services and benefits, among the following alternatives: (a) maintain the current decentralized arrangement of direct line-management authority for information resources and staff within each of the Administrations, the National Cemetery System, and the staff offices; (b) further extend or enhance the current decentralized arrangement in (a), above, by placing, for example, all programmer/analyst resources currently located in the data processing centers under the control of the Administrations and staff offices (as is the case with VBA currently); (c) consolidate all automated data processing functions from the VA central office ADP components of the VHS&RA, VBA, and National Cemetery System and the staff offices under one Assistant Secretary; or (d) some combination of the first three alternatives?

To determine the optimal approach for the overall IRM organizational structure within the VA among the four alternatives cited would require a detailed analysis of each alternative, weighing the individual pros and cons. This analysis would require the full participation of all users and the IRM organization. To date, this detailed analysis of the four alternatives, including all the individual user IRM organizational structures has not been undertaken; and therefore, at this time, it would be impossible to choose an optimal approach among the four alternatives. However, from a cursory look at each of the four alternatives and given the historical evolution of IRM within the VA, it is clear that each alternative has advantages and disadvantages depending upon one's perspective. Thus, a detailed analysis may show that no optimal solution exists for the overall IRM organizational structure within the VA.

Nevertheless, I believe that the further detailed development of the approved concept for the organizational realignment of the Office of the Assistant Secretary for Information Resources Management and its future implementation will assist the Assistant Secretary in executing the IRM responsibilities, duties, and functions outlined in the answer to Question #1. It will also significantly enhance the current decentralized IRM organizational arrangement within VA by improving the support and services provided by the IRM organization and by improving the coordination and communication between the user organizations and the IRM organization.

7. What are your specific plans to improve the service provided by the data processing centers and the various VA central office staff elements, particularly in regard to the development of applications such as the Personnel and Accounting Integrated Data (PAID) redesign and the Management and Decision Support System (MADSS) project?

In trying to improve the services provided by all elements of the Office of the Assistant Secretary for Information Resources Management in order to ultimately enhance the services VA provides to our veterans, I will focus my efforts in three broad categories -- organization, process, and management philosophy. I have established four major goals to pursue within the framework of these broad categories. These goals include:

a. Establish a more effective, efficient, and responsive organizational structure that will have an increased orientation on customer service and support, a dynamic IRM strategic planning process, an increased emphasis on human resource issues, a stronger focus on the application of future, cost-effective technologies, and a reduction in administrative overhead.

b. Develop and implement a dynamic, viable strategic IRM process which will include IRM strategic planning, strategic programming, and strategic budgeting. All VA organizations would be fully involved in this process. All phases of this process will be closely integrated into the overall VA strategic planning, programming, and budgeting efforts.

c. Establish Total Quality Management throughout the IRM organization as the basic fundamental management philosophy by which the IRM personnel will operate internally and externally with our customers.

d. Develop and implement an Enterprise-wide Information System to replace the previous MADSS project efforts. Not only is it a change in name, but also a change in philosophy in order to provide a modern dynamic, comprehensive, responsive, user-friendly, customer-oriented VA-wide information system available to all VA analysts, managers, and executives to assist in their analysis and decision-making across the entire range of key issues affecting the VA.

As to my own management style which will have a direct bearing on the services provided by the IRM organization, I will strongly encourage:

- Open, direct, and dynamic communication and coordination among all elements within the IRM organization and also between the IRM organization and all other VA components. This will also include an open door policy and hands-on management through management-by-walking-around (MBWA).

- A proactive, instead of reactive, orientation on customer service and support.

- Full and active participation by all IRM personnel in the management of the IRM organization and its activities.

- Individual initiative, creativity, and flexibility.

- Increased individual responsibility, authority, and accountability.

Finally, four other areas that will continue to be evaluated in order to improve IRM services include:

- Further use of the most efficient organization (MEO) analysis concepts outlined in OMB Circular A-76 and the Management Efficiency Pilot Program concepts currently being tested within VA.

- Use of Cost Accounting/Fee for Service concepts outlined in OMB Circular A-130.

- Expanded use of agreed to Memorandum of Understanding and Service Level Agreements with each VA component to outline overall and specific project oriented organizational responsibilities; levels of effort, products, and services; measures of effectiveness; and criteria for success.

- Identification and examination of IRM redundancies in order to reduce, minimize, or eliminate duplication of effort and inefficiencies, where feasible, thus ultimately better utilizing our limited IRM resources -- people, $$$, equipment, facilities, and time.

With respect to the PAID Redesign Project, it is my understanding through recent discussions with the senior managers responsible for this project in the Office of Finance and Planning and with the responsible managers in the IRM organization, that there is currently an on-going cooperative, working relationship between the two organizations in developing this key financial and personnel information system for the VA with the Office of Finance and Planning, as the primary user, having the lead responsibility for development and the IRM organization, both at the Central Office and the Austin DPC, providing necessary support and services as requested. A proposed Service Level Agreement between the two offices for this project has helped in defining roles and responsibilities in order to provide the service desired. I will continue to encourage and support a very close working relationship between the two offices in the further development of this key project.

8. The President's FY 1990 budget submission to Congress projected "savings" of $36 million and 659 FTEE from the continued expansion of the DHCP. However, the "Cost-Benefit Analysis of the Enhanced Decentralized Hospital Computer Program," conducted in April 1988 by Price Waterhouse found that the bulk of person-time "saved" under DHCP has been used either for new activities or for activities that had not been fully funded. Such activities could include (a) implementation of income-eligibility criteria and third-part billing, (b) analyzing DHCP-produced data, which had not been previously available, so as to improve patient-care management, and (c) system security management. In addition, Price Waterhouse found that any personnel savings actually identified were in fractional FTEE which are very difficult to realize in a hospital environment. What are your views on Price Waterhouse's findings?

I have yet to review the April 1988 DHCP analysis by Price Waterhouse; and therefore, at this time, I do not have any views on their findings.

In the future, once I have addressed the organizational and process requirements of the Office of the Assistant Secretary for Information Resources Management, and since the use of DHCP is key to providing more effective and efficient medical services to our veterans, I fully intend to review this analysis and I will be more than happy to provide you my views at that time.

Aside from the specifics of the DHCP analysis, from any manager's perspective, there should always be a balanced and complete analysis of the projected personnel "savings" in the development and implementation of any automated system. Each system and its environment will be unique and must be analyzed as such. Certainly, in any attempt to automate labor intensive procedures/activities, personnel savings should be considered in the overall cost/benefit analysis of the proposed system, particularly in government in light of today's limited resources -- $$$ and people. Nevertheless, depending on the individual system, the automation itself may create additional opportunities for an organization to try new methods or enhance other existing methods in order to further improve activities, procedures, and services which, in fact, may involve the use of the "saved" personnel from the initial automation initiative or the need of additional personnel to implement these new opportunities. Therefore, the analysis, if balanced and complete, would address personnel savings and new opportunities. In the VA in the development and implementation of all automated systems, we, both the IRM organization and the user organization together, should carefully evaluate each system from a balanced and complete perspective in order to achieve our ultimate goal of providing the best possible service to our nation's veterans.

9. The Computer Security Act of 1987 (Public Law I00-235) requires Federal agencies and departments to establish and administer functional ADP security systems, although no funds have been appropriated to VA for this purpose and the President's FY 1990 budget submission for VA requested no funds for it.

A. What are the potential consequences of providing insufficient resources for ADP security in a large and vulnerable health-care system which spans over 450 sites and has a workforce of 200,000 employees and more than 150,000 trainees and volunteers per year?

B. (i) What analyses has VA conducted in regard to the cost-effectiveness of providing adequate staffing for a "preventive" approach to ADP security, as compared to the costs of investigating and resolving security breaches, particularly in regard to the daily generation of sensitive data on patients and data for national data bases, and what were the findings?

(ii) What would be the costs and benefits of establishing full-time ADP security officers at VA medical centers and a national team of technical advisors and incident investigators so as to help ensure compliance with the aforementioned Computer Security Act?

(iii) What would be the responsiblities of your office in connection with ADP security?

C. What is your assessment of the current ADP security systems throughout VA programs?

A. Without the benefit of any analysis, it would certainly appear, given the notoriety of previous ADP security breaches in the rest of our society and the sensitive medical information within the VA's health care system, that a lack of sufficient ADP security in the VA's health care system could lead to management and operational problems in the health care program which, in turn, could potentially degrade the VA's ability to provide quality medical care to our country's veterans.

B.(i) Although it is possible that individual VA components, including the Systems Security staff within the IRM organization, have addressed this issue in detail, I am not aware of any formal analyses by the VA on comparing a preventive approach to ADP security versus a reactive approach to ADP security breaches, with respect to the health care system or any other information system in the VA.

B.(ii) At this time, I do not know the exact costs and benefits of implementing a complete ADP security program within VHS&RA in compliance with the Computer Security Act of 1987, although I understand that VHS&RA has attempted to address this issue.

B.(iii). First, I believe that ADP and telecommunications security is an extremely important issue, regardless of information system, particularly in the VA because of the large scale information systems and applications used and under development and the types of sensitive information collected and used. Second, the Computer Security Act of 1987 and other statutes and regulations provide the framework within which the VA is required to implement an ADP security program. I strongly support a dynamic and viable ADP and telecommunications security program within the VA. I believe that every effort should be made within the VA to fully address our ADP and telecommunications security requirements for each information system and application and, where appropriate and with available resources, to establish the necessary security plans and implement the necessary security programs. Within the Office of the Assistant Secretary for Information Resources Management, ADP and telecommunications security issues should and will receive increased emphasis and attention as evidenced in the approved concept for the organizational realignment of this office where IRM security issues will be addressed in the Office of IRM Oversight. I believe it is the responsibility of the Office of the Assistant Secretary for Information Resources Management to take a positive, proactive leadership role in IRM security issues by establishing Department-wide IRM security plans and policies, ensuring that the VA is in compliance with the applicable laws and regulations, and working closely with all user organizations in the VA to help them establish their own IRM security plans and programs.

C. Based upon my initial review of a recent NIST report on the VA's computer security and privacy plans and a recent VA IG report on the audit of the Austin DPC program and data security, I believe that, although progress has been and is being made to address ADP and telecommunications security deficiencies, additional focus and effort must be made in this area throughout the VA so that we can be assured that we are in full compliance with the law and government-wide regulations and that our sensitive information systems and applications are protected from security breaches, thus ensuring that these systems and applications will continue to fully support all the services that the VA provides to our veterans.

10. With on-going implementation of "CORE Plus 8" modules, VHS&RA will more than double its computing resources and greatly increase the complexity of systems management. In this regard, VA's Information Systems Centers (ISCs) must provide support to VAMCs in both management of the new hardware configurations and implementation of the DHCP application software. What is your assessment of the number of FTEE needed for this purpose and how many FTEE are currently assigned to ISCs for this purpose?

Although I have received introductory briefings on DHCP, including the Information Systems Centers, I have not examined in detail the role and functions of VHS&RA's ISCs; and, therefore, at this time, I do not have specific views on the current and future FTEE requirements for the ISCs.

In the past, the ISCs have played an important role in the development of DHCP; and, as I understand, VHS&RA is currently reviewing the future status of the ISCs. Since the continued development of the DHCP is key to the future provision of high quality medical care to our nation's veterans, I fully intend in the future to review in coordination with VHS&RA personnel the role, functions, and FTEE requirements for the ISCs; and, at the completion of that review, I will be more than happy to provide you my views.

11. The Automated Medical Information Exchange (AMIE) began as a local initiative in Medical District 9 (Atlanta) in FY 1987 as a joint effort of VA medical center and regional office employees in the development of an automated system of exchanging veteran beneficiary information. In May 1988, AMIE was approved as a three-phase pilot test which is still on-going. What are (a) the costs and benefits of implementing AMIE at VA regional offices and medical centers nationwide, (b) your views on the extent to which AMIE can enhance the timeliness and reliability of the exchange of information and thus improve services, and (c) the existing timetable, if any, for implementing AMIE nationwide?

Although I received an initial overview of the efforts of the Model Station personnel on the AMIE project, I am not, at this time, fully aware of all the details of this project to include costs, benefits, and timeliness. Nevertheless, as I understand the AMIE concept, it is the beginning of an important initiative to more closely tie the VA's health and benefits programs through automated information systems. This project focuses on significantly improving the level of automated coordination and communication between VHS&RA and VBA. When fully implemented, the AMIE project has the potential to significantly enhance the responsiveness and accuracy of information exchange between VHS&RA and VBA, thereby improving the services provided to our nation's veterans.

Because of its significant potential impact on the VA, I fully intend in the future, after addressing the organizational and process requirements of the Office of the Assistant Secretary for Information Resources Management, to review the AMIE project in detail in conjunction with personnel from VHS&RA and VBA in order to fully understand the project and to determine what additional support could be provided to assist in its development and implementation. After completion of this review, I will be more than happy to provide you my views on the AMIE project.

12. Based on information requested of VA and provided to the Committee as part of its deliberations on VA's FY 1990 budget, it would appear that the President's budget request of $25 million for ADP Modernization in VBA is approximately $5 million short of the amount needed for contract support to enable VA to make major computer acquisitions by FY 1992, in accordance with the established ADP Modernization Plan and the Information Systems Strategic Plan. What are your views on (a) the adequacy of the $25 million for ADP modernization for VBA in FY 1990, and (b) the extent to which such funds will allow VBA to comply with current plans.

Although I have received an overview briefing on VBA's ADP Modernization Plan, I have not, at this time, examined the FY90 funding for this program. Since this program is extremely important to VBA's future efforts to automate its information systems and applications, in the future, after addressing the organizational and process requirements of the Office of the Assistant Secretary for Information Resources Management, I fully intend to review in detail the ADP Modernization Plan in conjunction with VBA personnel. I will be more than happy to provide you my views on the ADP Modernization Plan after completion of this review.

ADP AND TELECOMMUNICATIONS SECURITY PROGRAM

A. Based on discussions with the Chief Medical Director, the Chief Benefits Director, and the Director, National Cemetery System, it is my understanding that they prefer to retain their information resources management functions within their respective organizations.

B. The purpose or benefit of any ADP/telecommunications security program is to ensure that the systems are available when needed, that both the systems and the data in the systems have integrity, and that the confidentiality of certain information is protected. Without a comprehensive program, there is much less certainty that these important purposes or benefits -- availability, integrity, and confidentiality -- are present in our systems. As the VA becomes increasingly dependent upon automation to perform its critical mission, it is even more important that appropriate security measures be used to protect this vital asset.

Within my responses to pre-hearing questions on ADP and telecommunications security within the VA, I indictated my strong support for a dynamic and viable ADP and telecommunications security program within the VA. I also indicated that I believe that every effort within available resources should be made within the VA to fully address the VA's ADP and telecommunications security requirements for each information system and application, and to establish the necessary security plans and implement the necessary security programs. During this testimony (insertions for the record), I have indicated that a six-month comprehensive assessment of the VA's ADP and telecommunications systems will be initiated within one month after my confirmation.

The VA has had an ADP Security Policy since 1984. The passage of the Computer Security Act of 1987 provided direction for the implementation of a comprehensive VA-wide security program. In compliance with the Computer Security Act of 1987, the VA identified sensitive ADP systems and submitted computer security plans to NIST on January 8, 1989. The National Institute of Standards and Technology (NIST), Computer Security Plan Review Team completed its review of the VA security plans and provided their analysis and recommendations to the VA in September 1989.

There has been considerable progress made within the VA towards implementing a VA-wide ADP security program; however, it is recognized that much more needs to be done to improve ADP/telecommunications security within the VA to include responding to the NIST's concerns. Over the first year after my confirmation, I will work closely with all VA user organizations, both within the comprehensive assessment and beyond it, to ensure that ADP and telecommunications security is properly addressed, necessary security plans developed, and adequate security measures implemented.

C. The primary missions of VHS&RA's Information Systems Centers are field IRM support and software development. Each ISC currently supports between 21 and 28 VAMCs and their satellite clinics as well as other locations such as the Regional Medical Education Centers. Field support activities include: assisting the VAMCs with the identifications and resolution of clinical system problems, maintenance of software operating systems and implementation of verified software. This support is either on-site or remote. Remote support includes telephonic troubleshooting and accessing VAMC computer systems from the ISCs over telecommunication networks. ISC field support staff also are faculty for RMEC, VAMC or ISC sponsored IRM training. In addition to their field support functions, each ISC also has unique software development responsibilities. There are currently approximately twenty major DHCP applications, each of which is assigned to one of the ISCs for development. An ambitious applications training program is also underway.

Eighty-three VAMCs have received the new VAX cluster systems and have migrated from the DEC PDP 11 environment to the new VAX environment. ISCs have provided the resources required to provide on-site hardware and operating systems software technical support to these VAMCs and assisted the VAMCs in activities such as balancing of workload across Central Processing Units (CPUs), storage devices, terminal servers and the local area network. Field support at the 80 VAMCs receiving additional PDP 11 hardware is now required due to the increased complexity of systems management inherent with the larger configurations.

Each ISC currently has approximately 40 FTEE authorized. VHS&RA is currently assessing its IRM staffing requirements in the ISCs and VAMCs. Should any request from the Chief Medical Director for additional IRM personnel resources be made, it will be given prompt consideration by the Office of the Assistant Secretary for Information Resources Management which will work closely with VHS&RA personnel in identifying and analyzing their future IRM personnel requirements.

D. The VBA/VHS&RA Information Exchange (AMIE) project consists of three distinct parts. The first includes the automation of admission and discharge notifications as well as 21-day certification and hospital summary requests. The second automates Compensation and Pension examination processing. The third provides facsimile equipment for the transmission of documents which are not stored in an electronic form. The first part is now operational in four regional offices and eleven medical centers, the second is being developed, and the third has been successfully tested.

A detailed cost benefit analysis for the entire VBA/VHS&RA Information Exchange project shows Present Value System Life Costs of $4,377,352 with offsetting Present Value Benefit of $13,277,769. The project shows a net present value in excess of $12.8 million dollars across the life cycle with a payback at less than 7 months after full implementation. The majority of the savings accrue from a significant annual reduction in erroneous payments. Other savings result from a reduction in the production, filing, mailing, and handling of millions of forms per year.

One of the benefits most frequently cited by personnel in the facilities where AMIE is being tested is that there is a new sense of cooperation and common purpose between VBA and VHS&RA. Automation will also enable the VA to provide faster and more efficient service to claimants, especially in the areas of scheduling of examinations and requesting of medical documentation to support claims. Veteran inquiries may be answerable without resorting to a written request for information to the VAMC. Payment suspensions may be avoided in some cases by having access to the veteran's current address information in DHCP.

AMIE will provide opportunities for improved productivity by reducing the amount of paperwork and time spent on clerical functions. Under the automated system, the necessity of tracking all hospital admissions and discharge data to determine the impact on individual compensation and pension awards will be eliminated. Instead, the ROs will be able to determine, by accessing DHCP, which cases must be screened for award adjustment determination in a more timely fashion. Development of C&P examination processing will improve the quality of exams because the design follows closely the requirements of the Physicians Guide. The improved quality will largely eliminate the need for re-examination of veterans since the rating boards will be working from exams which they have helped design. Exams conducted by fee basis physicians will also improve since the doctors will be provided with a standard form to follow and complete.

The timetable for nationwide implementation for AMIE has not been fully developed by VBA/VHS&RA at this time. The full implementation timetable is dependent both on funding and on completion of the DHCP software verification process which is currently being tested in various medical centers and regional offices. Upon completion of this testing, the software must be documented and verified in accordance with national DHCP policy which is expected by early 1990. It is anticipated that FY 90 funds would be allocated internally to support nationwide installation of facsimile equipment and to support phased implementation of admission/discharge processing during 1990. Plans for this phased implementation are currently being discussed by the VBA/VHS&RA project managers.

E. I am aware that VBA requested funds in excess of those contained in the President's budget request for FY 1990. I believe it is still too early to tell whether the funds provided in FY 1990 are sufficient to enable the VA to initiate the major computer acquisitions in accordance with the VBA ADP modernization portion of the Information Systems Plan. This funding will be used (a) to develop a bridge between the existing data systems and the modernized system, including detailed requirements for the selection of the configuration and the preparation of acquisition schedules, (b) to develop the final comprehensive requirements for the hardware and software to support the benefits delivery system, and (c) to develop strategies, projects, and tasks critical to the acquisition process and transition to the new system.

Based on information provided by the Office of the Assistant Secretary for Information Resources Management, a recent analysis of the updated VBA input to the Information System Plan shows that the first three tasks of the Twelve-Point Modernization Plan were completed by December 1, 1988. These tasks involved defining goals and objectives, identifying constraints and assumptions, and conducting an analysis of VBA's programmatic functions.

Activities pertaining to Tasks 4 through 9 are underway. These tasks involve identifying and evaluating improvement opportunities, conducting transition studies, preparing functional requirements documents, evaluating alternatives, and developing acquisition strategies. The IRM organization approved statements of work this past summer for contractual support for conducting an economic assessment and developing a functional requirements document to support the completion of these tasks. A final comprehensive functional requirements document is scheduled for completion by June 1990. According to Task 10 within the current Information Systems Plan, Stage I awards are scheduled for November 1991.

It is my understanding that, in the past, VBA has had significant problems in articulating the requirements, justification, costs and benefits for their ADP Modernization Plan and, therefore, has been unable to effectively implement this plan. However, it appears that VBA has improved its efforts recently to more effectively document their ADP Modernization Plan in order to provide a modernized benefits delivery and management information system that is integrated, flexible, secure, accessible, and easy-to-maintain. VBA's updated input to the Information Systems Plan is based on full funding for its ADP modernization efforts beginning in FY 1992. If full funding does not begin in FY 1992, it then appears that VBA's current milestones for ADP modernization could slip. If additional funds are required, funding will be sought with a full understanding that both the Congress and the President must balance competing demands with available resources.

F. OMB requires that new ADP systems show a net savings of 10 percent, i.e., that over the life cycle the savings generated by the system exceed the costs by 10 percent. In principle, qualitative savings, such as improvements in patient care, can be substituted for dollar savings, but OMB generally requires significant dollar savings. In order to comply with the OMB requirements that any budget request for ADP equipment be accompanied by a cost/benefit analysis, VHS&RA contracted with Price Waterhouse to conduct cost/benefit studies of DHCP applications. The objectives of the study were to identify and compare anticipated tangible costs and benefits, and to identify the expected qualitative benefits of Enhanced DHCP.

Enhanced DHCP involves eight priority applications on the upgraded DHCP systems. These modules are: Radiology, Dietetics, Medical Records Tracking, Fiscal and Supply (IFCAP), Decentralized Medical Management System (DMMS), Surgery, Nursing, and Mental Health. All of these modules, except for IFCAP and DMMS, have a clinical service orientation. IFCAP is a joint fiscal and supply product to provide several related functions as its name indicates: Integrated Funds Distribution, Control Point Activity, Accounting and Procurement. DMMS will draw and integrate data from all other administrative and clinical modules to provide VAMC managers and physicians with management information that is timely to their needs. Use of this information by local managers will have a significant impact on resource utilization, management, and assuring the quality of patient care.

The most important finding of this April '88 Price Waterhouse study is the considerable difference between the total of measurable and possible cost savings and the benefits in the measurable category. If measurable cost savings are combined with possible cost savings, the investment in Enhanced DHCP shows a positive net present value of $91.8 million (assuming a 10% discount factor). However, if only measurable cost savings are considered in the cost/benefit analysis, the net present value of the investment is a negative $76.5 million. "Measurable" savings are those that are clear, identifiable, and measurable such as reducing time to register a patient, whereas, "possible" savings are the less tangible activities and often involve assumptions such as reduction in a patient's average length of stay.

As Price Waterhouse also showed, there have been real savings and efficiencies from DHCP, even taking into account the people needed to implement and maintain the program. However, the bulk of the person-time saved has been used either for new activities that have not been fully funded (e.g., means test and third party billing) or for analyzing DHCP data that had not been previously available so as to better manage patient care. Furthermore, Price Waterhouse identified these savings through on-site work sampling and time study methodologies - literally building up the savings minute by minute. The results is that the savings are in fractional FTEE; these savings are very difficult to realize in the actual hospital environment.

Price Waterhouse also showed the specific contributions of each software module. The modules were divided into primarily administrative applications and clinical applications. These results support the premise that, under a cost/benefit analysis, administrative applications tend to be cost-justified while clinical applications are not.

Enhanced DHCP complements the initial core DHCP by providing VAMC managers and physicians with management information. DHCP has become an essential tool for VAMC managers and practitioners and is resulting in more efficient patient care. However, implementing DHCP takes a significant number of FTEE, which have been provided largely through reprogramming of existing resources.

Based upon an analysis of the April '88 study of DHCP and Enhanced DHCP, it appears that the conclusions of the Price Waterhouse study are reasonable and justify the VA investment in this project.

Department of
Veterans Affairs

OCT 12 1989

In Reply Refer To

The Honorable Alan Cranston
Chairman, Committee on Veterans' Affairs
United States Senate
Russell Senate Office Building, Room 414
Washington, DC 20510

Dear Mr. Chairman:

Enclosed are my answers to your Follow-up Questions to Pre-Hearing Questions contained in your letter dated October 4, 1989.

If I can be of further assistance or provide any additional information, please let me know.

Sincerely yours,

Edward G. Lewis

Edward G. Lewis
Assistant Secretary for Information
Resources Management - Designate

Enclosures

1. The organizational table for the Office of Assistant Secretary for IRM which you submitted with your September 29, 1989, responses to my pre-hearing questions indicates that both Deputy Assistant Secretary positions -- DAS for Information Resources Plans and Policies and DAS for Information Resources Operations -- are vacant at the present time.

A. Are these 2 Deputy Assistant Secretary positions in fact vacant?

B. What is the time table with respect to filling this/these position(s)?

C. Is the Department seeking career or non-career person(s) to assume this/these position(s)?

Answers:

1.A No.

1.B Both positions were filled effective July 30, 1989. Michael Herway is the Deputy Assistant Secretary for Information Resources Plans and Policies and John McKenna is the Deputy Assistant Secretary for Information Resources Operations.

1.C Both incumbents are career persons.

2. Page 6 of the organizational table lists the three divisions which comprise the Systems Planning and Acquisitions Service of the Office of Systems Planning Policy and Acquisition. What are the functions of these 3 divisions, beginning with:

A. The VHS&RA Plans and Evaluation Division?

B. The General Operation Expenses Plans and Evaluation Division?

C. The OA Plans and Evaluation Division?

D. What does "OA" stand for?

Answers:

2.A The VHS&RA Plans and Evaluation Division has been and currently reviews and coordinates VHS&RA's yearly input to the Information Systems Plan. They analyze each ADP activity/system, providing recommendations on funding levels. They help to develop, coordinate, and publish the Department's long-range ADP plan. The Division provides oversight on VHS&RA's information resources planning. They develop systematic reporting methods to monitor short- and long-range plans, analyze changes from original plans, and document the justification for significant variations from initial plans. The Division reviews and recommends approval/disapproval of VHS&RA's information resources acquisitions. The Division reviews VHS&RA's information resources budget submissions, including budget data and justification, to ensure that proposed budgets are consistent with planned initiatives prior to submission to the Office of Finance and Planning and OMB. They analyze budget data to determine information resources trends and to support ad hoc studies, as required.

2.B The General Operating Expenses Plans and Evaluation Division has had and currently has the same functions as those outlined in answer 2A for the VHS&RA Plans and Evaluation Division. However, this GOE Plans and Evaluation Division performs these functions for all VA organizational elements except for VHS&RA.

2.C The Office Automation (OA) Plans and Evaluations Division has been and currently reviews and coordinates all users' yearly input to the Information Systems Plans relevant to office automation. They analyze each OA activity/system, providing recommendations on funding levels. They help to develop, coordinate, and publish the Department's long-range ADP plan. The Division provides oversight on users' OA information resources planning. They develop systematic reporting methods to monitor short- and long-range plans, analyze changes from original plans, and document the justification for significant variations from initial plans. The Division reviews and recommends approval/disapproval of users' OA information resources acquisitions. The Division reviews users' OA information resources budget submissions, including budget data and justification, to ensure that proposed budgets are consistent with planned initiatives prior to submission to the Office of Finance and Planning and OMB. They analyze budget data to determine information resources trends and to support ad hoc studies, as required. The Division has primary responsibility for the VA-wide procurement for office automation which provides universal standards and protocols within the VA.

2.D Office Automation.

3. Page 7 of the organizational table for the Office of Information Resources Operations lists two subordinate divisions under "Operations Management": First, Operations & Quality Assurance, and, second, Large Systems Technology.

A. What is the function of the Operations and Quality Assurance Division, and specifically what will be its relationship to VBA and VHS&RA?

B. What is the function of the Large Systems Technology Division, and specifically what will be its relationship to VBA and VHS&RA?

Answers:

3.A The Operations and Quality Assurance Division has responsibilities in three major functional areas - operations, space management and quality management. They resolve operational issues between VA Data Processing Centers (DPCs) or between the users and the Office of Information Resources Operations (OIRO), including the DPCs. They coordinate improvements in operating procedures; coordinate operating schedules; and coordinate the installation, transfer and removal of equipment with the DPCs and users. Under space management, they develop and manage the OIRO minor construction budget; coordinate DPC construction projects from inception through completion; coordinate DPC work space management activities; determine OIRO's future space needs; and support DPC facilities management as required. Under quality management, they monitor OIRO's progress against established service level indicators, coordinate with the users to develop new performance indicators, and coordinate the establishment of quality assurance programs at the DPCs. As requested, they provide assistance to the Office of Facilities in developing construction standards for computer rooms throughout VA and in reviewing computer room construction specifications for VA field stations. In addition, they prepare and distribute various daily, weekly, monthly, quarterly and ad hoc reports on system availability and the timeliness and quality of service for all applications. They also serve as the VA Central Office (VACO) supervisory terminal operator for the Benefits Delivery Network (BDN); in this capacity, they respond to and resolve hardware/software problems for all VACO BDN users.

The Operations and Quality Assurance Division interfaces with various elements of VBA to resolve operational issues; to institute new operating, scheduling, and coordinating procedures; and to coordinate the installation of new equipment in direct support of the BDN. Although they do review construction plans for VHS&RA computer rooms, they do this at the request of the Office of Facilities; they do not interface directly with VHS&RA. Under the existing organizational alignment, this Division will continue to perform its current functions, including maintaining its existing relationship with VBA and VHS&RA, albeit with an increased emphasis on providing higher quality customer service/support.

3.B The Large Systems Technology Division (LSTD) is responsible for developing and coordinating automatic data processing (ADP) hardware and operating systems strategy for the Data Processing Centers (DPCs), and for maintaining and enhancing the DPC large systems environment (applications, systems software, performance, hardware, and communications) in coordination with Departmental plans and initiatives. The LSTD also coordinates the annual DPC budget and planning efforts, as well as recommending and providing technical assistance to the DPCs and users in the acquisition of data processing equipment and systems software. The LSTD is responsible for supporting capacity and performance planning and management in the DPCs and the VACO Data Center. In addition, the LSTD is responsible for hardware and software system change control coordination at the DPCs, and for supporting the office automation activity for the National Cemetery System (NCS). The LSTD also investigates, develops, establishes, and disseminates new mainframe ADP standards, and develops operations-related policies and procedures. The LSTD meets regularly with VA user organizations, particularly VBA and NCS elements, to ensure that the DPC technology platforms continue to meet their evolving needs.

The LSTD provides technical and management support and coordination for all large system environments at the DPCs, particularly in areas that involve more than one DPC, or other computer sites, and require a broad scope of coordination. They coordinate with all users in the development of requirements, specifications, and costs for new systems or major modifications of old systems. The goal is to provide a smoothly functioning technology platform for any VA organization, including VBA and VHS&RA, that requires connection to the DPC environments. Under the existing organizational alignment, this Division will continue to perform its current functions, including maintaining its existing relationship with VBA and VHS&RA, albeit with an increased emphasis on providing higher quality customer service/support.

Department of
Veterans Affairs

NOV 7 1989

In Reply Refer To

The Honorable Alan Cranston
Chairman, Committee on Veterans' Affairs
United States Senate
Russell Senate Office Building, Room 414
Washington, DC 20510

Dear Mr. Chairman:

Enclosed are my answers to your Follow-up Questions to Post-Hearing Questions contained in your letter dated November 2, 1989.

If I can be of further assistance or provide any additional information, please let me know.

Sincerely yours,

Edward G. Lewis

Edward G. Lewis
Assistant Secretary for Information
Resources Management - Designate

Enclosures

1. In part D of your written insert for page 37, line 7, of the hearing transcript, you stated, "It is anticipated that FY 90 funds would be allocated internally to support nationwide installation of facsimile equipment and to support phased implementation of admission/discharge processing during 1990." Would you please inform the Committee (A) when and if the anticipated internal allocation takes place, of the amount of the allocation, or (B) if it does not, of the reasons?

Answer:

1. After VBA has had the full opportunity to analyze the impact of sequestration on VBA's FY 1990 ADP budget and subsequent allocation of funds to ADP initiatives, the Committee will be informed as to VBA's internal allocation of funds for the AMIE project.

2. A. In part E of your written insert for page 37, line 7, of the hearing transcript, you stated, "I believe it is still too early to tell whether the funds provided in FY 1990 are sufficient to enable the VA to initiate the major computer acquisitions in accordance with the VBA ADP modernization portion of the Information Systems Plan."

(i) When do you expect to be able to tell whether the funds provided in FY 1990 are sufficient to enable VA to initiate the major computer acquisitions in accordance with the VBA ADP portion of the Information Systems Plan?

(ii) What actions do you plan to take should the funds prove insufficient?

B. In that same part E, you stated, "It is my understanding that, in the past, VBA has had significant problems in articulating the requirements, justification, costs and benefits for their ADP Modernization Plan and, therefore, has been unable to effectively implement this plan." Please describe those problems and how they caused delays.

C. You then stated, "However, it appears that VBA has improved its efforts recently to more effectively document their ADP Modernization plan in order to provide a modernized benefits delivery and management information system that is integrated, flexible, secure, accessible, and easy-to-maintain." Please describe those improvements.

D. Next, you stated that if full funding for ADP Modernization does not begin in FY 1992, VBA's current milestones for ADP Modernization could slip. Please explain your assumptions as to the relationship between various funding levels and various amounts of slippage.

Answers:

2.A.(i) The VBA will be able to assess the sufficiency of FY 1990 funds for enabling VBA to initiate its major computer acquisitions in accordance with the ADP portion of the information Systems Plan after the full impact of sequestration on VBA's ADP budget is determined. It is anticipated that this assessment will be completed by the end of November.

2.A.(ii) Depending on the extent of the funding shortfall due to sequestration, VBA will attempt to reallocate resources within their program in an attempt to maintain their ADP modernization schedule.

2.B. The original Modernization Plan, written in the spring of 1986, was not in sufficient detail for either VA management or the oversight agencies. A 1987 General Accounting Office report, entitled ADP Systems: Department of Veterans Benefits Modernization Program (GAO/IMTEC-88-3, October 30, 1987) found that VBA had not "... developed adequate information addressing (1) well-defined goals and measurable objectives, (2) alternative approaches, and (3) the costs and benefits of the proposed approach." As a result of these deficiencies, modernization funding was delayed by one year.

2.C. During the summer of 1987, VBA developed a new ADP Twelve Point Modernization Plan. In its report, entitled ADP Systems: VA actions to improve Management of Information Resources (GAO/IMTEC-89-24, April 25, 1989), GAO stated that VBA had "... developed measurable goals and objectives to guide its revised modernization program, and in April 1988 restructured its approach to the modernization program to provide for a full cost/benefit analysis of alternatives prior to making a deployment decision." Although this new plan reflected a major improvement in VBA tactics and strategy, VBA realized that its singular approach was not realistic. Accordingly, VBA enhanced the Twelve Point Plan in 1989 in order to incorporate a staged approach towards implementing the modernization of its ADP hardware and software configurations, including both short and long term initiatives.

2.D. First, VBA will have to assess the impact of the sequestration on its FY 1990 ADP Modernization budget and on outyear budgets. VBA's long term ADP initiatives originally scheduled for full funding in FY 1992, 1993, and 1994 could be delayed until FY 1993, 1994, and 1995 if full funding does not begin in FY 1992.

STATEMENT OF
JO ANN KRUKAR WEBB
DIRECTOR DESIGNATE, NATIONAL CEMETERY SYSTEM
DEPARTMENT OF VETERANS' AFFAIRS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
OCTOBER 4, 1989

Thank you, Mister Chairman.

Mister Chairman and members of the Committee, it is a great honor to present myself before you this morning for confirmation as the Director of the National Cemetery System. At the outset I would like to give my full assurance to this Committee that I am a strong believer in maintaining regular consultations with the Congress on matters of Department of Veterans' Affairs policy. This is particularly so in matters regarding our national cemeteries, which by their very nature must respond to local needs and demographics.

Veteran service is something I understand very well. I am a Vietnam veteran, as is my husband, and three of my four siblings. My father, who died recently, served with the 28th Marines on Iwo Jima. It is especially his memory that serves as a touchstone to me for the caring and respect that must be afforded to each veteran and family member interred in the National Cemetery System. His death also serves as a daily personal reminder of the mission of the National Cemetery System and what my responsibilities will be to the 28 million veterans of this country, a set of responsibilities that I take very much to heart.

The mission to honor those who risked or sacrificed their lives is one of the oldest veteran entitlements, established by President Lincoln in 1862. This year, approximately 58,000 veterans, their spouses and dependents will be buried in our 113 National Cemeteries. It is the responsibility of the National Cemetery System to operate and maintain these national shrines in a way that will inspire their millions of visitors each year with pride and a true understanding of the human cost of service. British Prime Minister William Gladstone eloquently described the measurement of a nation in the following quote: "Show me the manner in which a nation or a community cares for its' dead, and I will measure exactly the sympathies of its people, their respect for the laws of the land, and their loyalty to high ideals."

With ever increasing competition for scarce resources, it will be incumbent upon me to find innovative ways to achieve the goals and meet the challenges of the National Cemetery System. One way I feel that this can be accomplished is through the greater use of voluntarism. Voluntarism can be useful not only in the conventional sense of individual volunteers, but through the utilization of corporate resources and through the nation's school systems, where we might capture the interest of young Americans in such areas as history, partiotism and meaningful community service. I believe the development of such a program would be in keeping with the President's own program of voluntarism.

Another area which I would like to emphasize, is the need for a greater public awareness of all National Cemetery Programs. I believe we should explore ways to inform all veterans of their eligibility for burial in a National Cemetery, the Marker and Headstone Program, and the Presidential Memorial Certificate Program.

Finally, Mister Chairman, as the National Cemetery System moves toward the 21st Century I see my role as providing direction for the future. It will be important over the coming years to ensure that the National Cemetery System operates from a strategic vision, with plans, goals, and the necessary resources to meet the needs of the veterans and the families the department is committed to serve. I thank the committe and am prepared to take your questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name WEBB (LAST) JO ANN (FIRST) KRUKAR (OTHER)

Present address 6422 Waterway Drive Falls Church (CITY) VA (STATE) 22044 (ZIP CODE)

Position to which nominated: Director, National Cemetery System

Date of nomination:

Date of birth 30 (DAY) June (MONTH) 1948 (YEAR)

Place of birth Kittanning, PA

Marital status: Married

Full name of spouse: James H. Webb, Jr.

Names and ages of children:
James Robert - 7
Sarah Catherine - 6
Julia Ann - 4

Education:

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
The Pennsylvania State University University Park, PA	9/66 - 9/70	BS	Sept. - 1970
George Washington University Washington, D.C	6/7[illegible] - 5/78	MHA	May - 1978
LICENSES: Registered Nurse	Pennsylvania	#179953-1	
Real Estate	Virginia	#095807	

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

PA State Senator Albert Pechan Scholarship 1966

Army Student Nurse Scholarship 1968

Army Commendation Medal 1972

Vietnam Campaign & Republic of Vietnam Service Medal [illegible]

Veterans Administration Special Recognition Award 1981

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations for the last five years and any other prior memberships or offices you consider relevant.

Organization	Office held (if any)	Dates
Alpha Sigma Alpha National Sorority		1968 to Present
American Newswomen's Club		1988 to Present
American Public Health Association		1988 to Present
American Society on Aging		1987 to Present
National Council on Aging		1987 to Present
OASIS of Prince George's County	Boardmember	1988 to Present
George Washington University Health Care		1986 to Present

Alumni Association - SEE "A" FOR CONTINUATION

Employment record: List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

1971 - 1976 U. S. Army Nurse Corps

2/76 - 1/77 Private Scrub Nurse: Plastic Surgery Associates

5454 Wisconsin Avenue

Chevy Chase, MD

6/76 - 1/77 Intern: Department of Health and Human Services

Washington, D.C.

SEE "B" FOR CONTINUATION

Military service: List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge.

11/68 - 9/70 Ranks E-3 to 1st Lieutenant, ANC

The Army Student Nurse Scholarship Program

The Pennsylvania State University

University Park, PA

SEE "C" FOR CONTINUATION

Government experience

List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments other than those listed above.

Committee Member and Chairman, Health Sub-Committee for

VA Advisory Committee on Women Veterans - 1983 - 1986

ACTION Representative to the Federal Agency HIV Task Force - 1988.

OASIS of Prince Georges County - Boardmember

Published writings

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

Miscarriage: The Loss of A Baby

Welcome Home, Vol. 1 #8 - Aug. 1984

Washington Times Book Review - June 15, 1983

Refugees Weave Success From Strength of Spirit - Washington Times

April 26, 1983

Political affiliations and activities

1. List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years.

Republican Party Deputy Director Seniors for Bush - 1988

Salute to Seniors - 1989 Inaugural Committee

National Seniors Advisory Committee - 1988 - 1989

2. List all elective public offices for which you have been a candidate and the month and year of each election involved.

N/A

Future employment relationships

1. Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

N/A

2. State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization.

NO

3. What commitments, if any, have been made to you for employment after you leave Federal service?

NONE

4. (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

For as long as I am asked to serve.

5. (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

For as long as I am asked to serve.

Potential conflicts of interest

1. Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

NONE

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

NONE

3. Describe any business relationship, dealing or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated.

NONE

4. Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy.

NONE

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

I am not aware of any conflict of interest and do not foresee any.

Testifying before the Congress

1. Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

YES - See Attachment D

2. Do you agree to provide such information as is requested by such a committee?

YES

A - MEMBERSHIP - Con't.

Society of Sponsors	88 to Present
Childhelp USA	88 to Present
Disabled American Veterans Auxillary	89

B -EMPLOYMENT RECORD - Con't.

Month/Year	Your Position and Employment Address
1-77 to 6-77	Director Nursing Medox 302 Fifth Street NE Washington, D.C.
6-77 to 10-77	Intern Appalachian Regional Commission 1635 Connecticut Avenue, N.W. Washington, D.C.
1-78 to 9-78	Director Medox 302 Fifth Street, N.E. Washington, D.C.
9-78 to 9-82	Health Systems Specialist Veterans Administration 810 Vermont Ave., N.W. Washington, D.C.
9-83 to 2-87	Freelance Writer Washington Times New York Ave., N.W. Washington, D.C.
4-84 to 9-84	Consultant Arlington Hospital N. George Mason Drive Arlington, VA
4-83 to 4-85	Staff Writer Welcome Home Magazine P.O. Box 2208 Merrifield, VA
5-83 to 9-86	Committee Member & Chairman Health Subcommittee VA Women's Advisory Committee Veterans Administration 810 Vermont Ave., N.W. Washington, D.C.

Employment Record
Page 2

1-85 to 2-87	Real Estate Salesperson MGMB Realtors 3301 New Mexico Ave., N.W. Washington, D.C.
4-87 to 2-88	Chairman Informal Family Advisory Committee Dept. of the Navy Washington, D.C.
5-85 to 6-88	Consultant ACTION 806 Connecticut Ave., N.W. Washington, D.C.
9-88 to 11-88	Deputy Director, Seniors for Bush The Bush Campaign Washington, D.C.
4-89 to Present	Special Assistant to the Secretary Department of Veterans Affairs 810 Vermont Ave. N.W. Washington, D.C.

C - MILITARY SERVICE - Con't

1-71 to 2-71	1st Lieutenant, Student Army Medical Corps, Officer Basic Course Brook Army Medical Center San Antonio, TX
2-71 to 6-71	1st Lieutenant, Student Basic Operating Room Nursing Madigan Army Medical Center Tacoma, WA
7-71 to 7-72	1st Lieutenant Operating Room Staff Nurse Assigned to: 24th Evacuation Hospital 85th Evacuation Hospital 3rd Field Hospital Republic of South Vietnam
9-72 to 9-73	Captain Operating Room Supervisor U.S. Army Hospital, BremerHaven Bremerhaven, West Germany
9-73 to 9-74	Captain Operating Room Staff Nurse U.S. Army Hospital, Nuremberg Nuremberg, West Germany
9-74 to 1-76	Captain Operating Room Staff Nurse Walter Reed Army Medical Center Washington, D.C.
1-76 to 1-80	Captain Public Health & Safety Officer 354 Civil Affairs Brigade U.S. Army Reserves Hyattesville, MD
Discharge	Honorable

ATTACHMENT - D

Yes, consistent with the obligations imposed on all officials of the Executive Branch to uphold the Constitution and laws of the United States, including, where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31 U.S.C. Section 1108, OMB Circular A-11 and Executive Privilege.

Public Service - Public Trust

United States
Office of Government Ethics
P O Box 14108
Washington, D C 20044

AUG 9 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Ms. JoAnn K. Webb, who has been nominated by President Bush to be the Director of the National Cemetery System, Department of Veterans Affairs.

We have reviewed the report and have also obtained advice from the Department of Veterans Affairs concerning any possible conflict in light of its functions and the nominee's proposed duties.

Based thereon, we believe that Ms. Webb is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Donald E. Campbell

Donald E. Campbell
Deputy Director

Enclosure

[illegible]
March [illegible]

PRE-CONFIRMATION HEARING QUESTIONS AND ANSWERS
SUBMITTED TO
THE HONORABLE ALAN CRANSTON
CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
BY
JO ANN KRUKAR WEBB
DIRECTOR DESIGNATE, NATIONAL CEMETERY SYSTEM
DEPARTMENT OF VETERANS' AFFAIRS
SEPTEMBER 22, 1989

Question 1. Please describe any plans you may be considering to revise the organizational structure of the National Cemetery System.

Answer 1. At present I have no plans to revise the organizational structure of the National Cemetery System. If plans of this nature arise at some point in the future, they would be pursued through early and full consultation with the appropriate Congressional Committees.

Question 2.A. Please describe any specific managerial experience you have had insofar as program management is concerned and how that experience qualified you for the role of chief manager of a program of 113 cemeteries in 39 states and Puerto Rico with 1207 FTE employees and an FY 1989 budget of $46,369,000 and which will perform an estimated 58,000 interments this year.

Answer 2.A. As to "specific managerial experience," I believe it is important to point out that my professional career has alternated between positions with managerial responsibilities, and those with staff advisory functions.

- Many positions I held while on active duty in the Army included managerial and programmatic responsibilities. The most notable of these occurred at Walter Reed Medical Center, where I was the head nurse of the Opthamalogical Surgery Service. In this capacity, I had supervisory, training, inventory, and planning responsibilities, including the implementation of an expansion of the service that doubled the operating capabilities of the eye service.

- After leaving the Army, while attending graduate school in Health Care Planning, I directed the Washington office of Medox Incorporated, a subsidiary of Drake International. In this capacity, I was responsible for recruiting, placing, and training more than 500 medical personnel, for service in most local Washington, D.C. hospitals, plus nursing homes, as well as private-pay patients. I also designed, budgeted, and implemented a CETA grant program for home health aides for the elderly, most of whom were indigent.

- I believe it is also important to point out that I have spent the past six months as Special Assistant to the Secretary while awaiting these hearings, and in that capacity have been made aware of the management, programmatic, and policy flow of the National Cemetery System. Although I have been unable to function as the Director of the System pending confirmation, I have had an opportunity to observe first hand management, programmatic, and policy issues in the National Cemetery System. For example, I am particularly pleased with an initiative VA undertook this summer to provide weekend scheduling of interments at national cemeteries. One of the first problems which came to my attention as a consultant was the sense of frustration which families feel when a death occurs after the cemetery office has closed on Friday, and there is no way to be sure when, or if, the interment service can be arranged for the following week. With creative use of telephone answering and facsimile machines, and the attitude of service on the part of our employees, it has been possible to conceive and implement this expanded service to these families, with few additional resources. I have also made on-site visits to nine cemeteries, attended numerous conferences, and have already personally met every cemetery director. I feel confident that, upon confirmation, I will be able to provide the leadership necessary to ensure that the System continues to respond to the needs of our nation's veterans.

Question 2.B. Are there other aspects of your experience, education, or training that qualify you to manage the National Cemetery System?

Answer 2.B. I believe there are many other aspects of my training, education, and experience that will work to the benefit of both the National Cemetery System and the veterans it serves.

- First, I am a veteran, as are my husband, both my parents, and two of my three siblings. It is sadly ironic that my father, a Marine who fought as a rifleman on Iwo Jima, died on my first day of work at the National Cemetery System. Nonetheless, such personal attachments to those for whom the service is responsible causes me to feel deeply regarding the nations' obligation to those who have served.

- Second, I have a long and varied association with the Veterans Administration and its programs. I served in the VA for four years as a Health Care Planner, and as a member of the Systematic External Review program (SERP), until my oldest child was born. During this time I participated in thorough, on-site reviews of 14 VA hospitals, and was one of the original architects of the Medical District Intiated Program Planning process. I received a special award from the VA Administrator for my efforts in that capacity. I was one of the original members of the VA Women's Advisory Board. While a consultant at ACTION, I negotiated and helped implement the Veteran Companion Program, which was a cooperative effort between the two agencies designed to assist home-bound elderly veterans.

- Third, other work that I have done over the years dovetails with the needs of our nation's veterans, and I believe will help me to properly advise the Secretary of Veterans Affairs on medical, social, and intergenerational matters that affect those who have served. I have active duty military experience, as well as line experience in the Army reserve. I have practiced in the private and public sectors as a health-care planner. I spent three years at ACTION working on programs that might benefit elderly Americans, especially the indigent. I feel competent to advise the Secretary on a wide variety of issues, and I believe that it is useful to the Department that people whose backgrounds include diverse experience be available during key policy considerations.

Question 3.A. What is your concept of the nature and extent for the Federal Government's obligations to the Nation's veterans and their dependents and survivors?

Answer 3.A. We have a clear obligation to provide to our nation's veterans the burial service they so deservedly earned. I believe that these services should be provided effectively, compassionately and in the spirit of national gratitude which motivated their enactment. I am a strong advocate of the system of veterans benefits which we have in this country, and will work aggressively with President Bush, Secretary Derwinski, and the Congress to assure that veterans programs receive the attention and the resources which they deserve.

Question 3.B. What specifically is your concept of those obligations insofar as the responsibilities of the National Cemetery System are concerned?

Answer 3.B. I believe that the director of the National Cemetery System has the specific responsibility to carry out the requirements as directed by Title 38 of the United States Code. It is important to me that all 113 existing national cemeteries are effectively and efficiently managed and that sufficient resources are available to insure that the entire Cemetery System is maintained as a national shrine befitting the unselfish contributions of our nation's veterans.

I believe that I have the responsibility to plan for the future needs of the system and the veterans it is expected to serve and to capitalize on opportunities that will assure that the National Cemetery System is effectively and efficiently managed. It is also important to me that all veterans and their families are knowledgable of their benefits. I would also like to emphasize the importance of developing a program to educate veterans and their families about their eligibility for burial in a national cemetery, and their entitlement to a headstone or marker, and a Presidential Memorial Certicate.

Question 4.A. Please describe your vision of the future development of the National Cemetery System and the role you see for VA-assisted state veterans' cemeteries and the extent to which VA can and should continue the regional cemetery concept within the National Cemetery System.

Answer 4.A. I support the recommendations developed through a 1987 Report to Congress which assessed the future needs of the National Cemetery System and suggested strategies for meeting those needs. The specific recommendations of the report encouraged participation of the states in the federal grants program for state cemeteries; encouraged the development of existing national cemetery land as needed at individual locations; encouraged the expansion of the garden niche concept in response to the growing acceptance of cremation; and to assist existing national cemeteries to remain open through the acquisition of adjacent land. The report also listed the 10 metropolitan areas most underserved by cemeteries for veterans. We are now conducting Congressionally directed environmental studies in several of these areas, including Chicago, Seattle-Spokane and Albany, New York.

With regard to regional cemeteries, several of them located in areas of high veteran population have been very effective and well utilized. The regional concept has been completed with the opening of the Fort Mitchell National Cemetery in Alabama. Although the development of regional cemeteries has made a significant contribution to meeting veterans burial needs, I believe we have an obligation to continually assess the needs of the veteran population and the capabilities of the National Cemetery System to meet those needs.

The role of the federal State Cemetery Grant program is an important part of the National Cemetery System and should be continued and emphasized. The state grants program serves two important purposes:

1) it provides additional gravesites for veterans and eligible dependents in those areas not adequately served by national cemeteries.

2) it provides an incentive to states to become actively involved in achieving the common goal of meeting the burial needs of veterans.

Question 4.B. Do you support an expansion of VA support for the establishment of state veterans' cemeteries, and, if so, what funding do you believe should be provided for that purpose?

Answer 4.B. The current availability of funds and the rate of participation of the states over the years indicates that the program has been adequately funded. The program provides a 50/50 federal/state sharing of the cost of development of a cemetery, with no provision in the law to share the operational or maintenance costs of the established state cemetery.

Since 1980, 41 grants have been awarded to support 22 cemeteries. At the completion of the grants currently in process, there will be a total of 29 state cemeteries which will have been established through the program, with cumulative interments of 5000 to 6000 per year.

I believe that a future assessment of the program should include consideration of federal support for the operational and perpetual maintenance costs of these established cemeteries, if justified and if feasible from the viewpoint of limited federal funds.

I am very supportive and conscious of the Administration's position to manage all federal programs efficiently and within the President's budget.

I have no plan at present to enlarge the scope of the State Cemetery Grant program, and any plans would be pursued through early and full consultation with the appropriate Congressional Committees.

Question 4.C. Do you support VA taking over administrative responsibilities for certain state veterans' cemeteries such as was done last year for the Arizona National Cemetery and, as the House proposes this year in H.R. 1414, for the veterans cemetery in Mackinac Island State Park?

Answer 4.C. I am supportive of the Department of Veterans' Affairs incorporation of the National Memorial Cemetery of Arizona into the National Cemetery System. It is the understanding of the Department that the transfer of the Arizona State Veterans Cemetery directed by PL 100-322 was accomplished as a one-time act and the law does not presume to set a precedent for the transfer of any other state veterans' cemetery.

I also believe that a states' participation in the Federal cemetery grants program represents a long-term commitment of both the state and the Department of Veterans' Affairs to the burial needs of eligible veterans and their dependents, and should not become a vehicle for the unprogrammed expansion of the National Cemetery System.

The National Memorial Cemetery of Arizona is distinct in that it is located in a growing metropolitan area with a considerable veteran population and has the potential to help the system better meet the regional burial needs of the southwest.

With regard to Mackinac Island, application of Federal funding through the grants program would be the preferred alternative to transferring the cemetery to the National Cemetery System.

Question 5. What are your views on the use of graveliners at VA National Cemeteries?

Answer 5. I am supportive of the use of graveliners as an integral part of a quality maintenance program for the National Cemetery System. Graveliners are relatively inexpensive, can save hundreds of hours of grave maintenance and are very cost effective.

At the present time graveliners are used in nine national cemeteries. I am supportive of the use of graveliners in new burial areas of all open active national cemeteries. The use of graveliners represents, to me, a highly efficient and effective use of resources to preserve and beautify our nation's National Cemeteries.

Question 6. What are your views on upright versus flat markers and the current VA policy in that regard?

Answer 6. I am supportive of the current department of Veterans Affairs policy addressing upright and flat markers. My position is consistent with PL 99-576 which required the National Cemetery System to return to the use of upright markers in national cemeteries.

Upright markers historically have been the symbol of the National Cemetery System and are the markers preferred by veterans in most areas of the country.

Flat markers have been well received by the veteran community and are compatible with the park like setting and open space design of such National Cemeteries as Riverside, Massachusetts and Indiantown Gap. I support the law and exemptions to the law for they appropriately reflect the desires of those veteran communities. However, I would like to add that the beauty of upright markers is not without cost. Cemeteries with uprights will require additional personnel and equipment to care for the grounds and to install the larger, heavier, upright markers. A commitment to the use of upright markers also suggests that a concurrent commitment of resources must be made to ensure that all of the 113 National Cemeteries will be maintained as symbols to the human cost of freedom and our nation's pride in service.

Question 7. How should the increasing interest in cremation and columbaria be responded to within the National Cemetery System?

Answer 7. I support the construction of columbaria and other appropriate structures to meet the demand for burial space and to accommodate the burial preference of eligible veterans, their spouses, and dependants in national cemeteries. The Department of Veterans' Affairs is committed to the placement of cremated remains in national cemeteries, and through this policy has been able to accommodate interment requests in cemeteries that are closed to full casketed burials.

Interest in cremation has grown specifically in the western part of the country. The use of in-ground cremation sites designed in a garden niche concept and above ground columbaria have made interments possible in four closed National Cemeteries in California.

Future planning and design in all national cemeteries should take into consideration the potential for greater acceptability of cremation as an interment alternative.

OCT 3 RECD

National Cemetery System Washington DC 20420

Department of Veterans Affairs

OCT 03 1989

In Reply Refer to

Mr. Jonathan R. Steinberg
Chief Counsel and Staff Director
Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Steinberg:

Thank you for making time available in your busy schedule to talk with me last week. In follow up to our discussion, I am enclosing a current information paper on the San Joaquin National Cemetery; also, I have included copies of Secretary Derwinski's letter to Secretary Cheney, and Secretary Cheney's response, regarding VA's interest in obtaining part of Fort Sheridan, Illinois for use as a national cemetery.

I look forward to working with you and the other members of the Committee staff.

Sincerely yours,

Jo Ann K. Webb
Director Designee
National Cemetery System

Enclosures

SAN JOAQUIN VALLEY NATIONAL CEMETERY

SCOPE

San Joaquin Valley National Cemetery will cover 322 acres, providing 125,000 burial sites. At the optimum rate of burial, the cemetery may employ 42 people with an annual payroll of approximately $1 million. The Phase I development cost is estimated at $10.4 million, with construction costing $9.7 million, employing approximately 50-75 persons. Phase I development will include construction of the administration building, public restrooms, a maintenance building, two committal shelters, assembly area, entrance, flag pole, memorial pathway, internal road works and utilities, and burial sections for approximately 16,500 double depth burial sites and 6,000 garden niches for the burial of cremated remains.

STATUS

The $700,000 architectural and engineering contract was awarded to Royston, Hanamoto, Alley and Abbey of Mill Valley, on December 5, 1986. Design work is in progress, and the next review of working drawings is scheduled for October 10-12, 1989. The estimated schedule for completion is as follows:

Mail invitation for bids for construction	Nov. 13, 1989
Issue drawings and specifications to bidders	Nov. 28, 1989
Open bids	Jan. 23, 1990
Award construction contract	Feb. 22, 1990
Construction complete	June 30, 1991

The deed showing VA as the title holder was recorded in Merced County on September 28, 1989. Initially this step was complicated by liens on the land which have been resolved. Acquisition of the land will be completed when the deed has been reviewed and approved by the Department of Justice.

UNRESOLVED ISSUE

Access to the cemetery is provided by McCabe Road, a Merced County road, which is estimated to require $1 million in improvements.

Since the road is external to the cemetery, these improvements and the costs are not encompassed in the design or estimate of the federal funding to develop the national cemetery. However, the Department of Veterans Affairs has provided $54,000 to Merced County to conduct an Environmental Impact Statement and to obtain additional right of way to improve the turns of the road.

In an August 25, 1988 meeting in Merced California, a county representative discussed contributing labor and equipment services valued at $500,000, and Congressman Tony Coelho discussed the possibility of obtaining $500,000 of federal funding for the road, in two annual increments of $250,000 each.

The road improvement issue remains unresolved.

WASHINGTON

JUL 2 6 1989

Honorable Dick Cheney
Secretary of Defense
The Pentagon
Washington, DC 20301

Dear Mr. Secretary:

I am writing to request your assistance in effecting the transfer of certain real property currently in custody of the Department of the Army to the Department of Veterans Affairs (VA). The property at issue is located at Fort Sheridan, Illinois, which I understand has been targeted for closure. I have also been advised that the Department of the Army will ask VA to assume custody and maintenance responsibility for an existing 7.5 acre Army Cemetery at this post. I assure you that VA will cooperate fully to make the contemplated transfer a reality.

As a former Representative from the Chicago Metropolitan area, I am very familiar with Fort Sheridan and believe it presents a unique opportunity to satisfy the country's needs for a national veterans cemetery. A 1987 nationwide study ranked Chicago first in a list of the ten areas most in need of additional national cemeteries, based on the concentration of veterans in that metropolitan area. This established requirement, our national obligation to provide cemetery space for eligible veterans and the closing of Fort Sheridan lead me to suggest the transfer of approximately 162 acres of Fort Sheridan.

Therefore, I am formally requesting that one hundred and sixty-two acres at the north end of Fort Sheridan be transferred to VA. May I suggest that early discussions concerning the request would be mutually beneficial to both Departments, and to those who have served in the military services of our country.

I look forward to hearing from you on this important matter at your earliest convenience.

Sincerely yours,

(SIGNED) EDWARD J. DERWINSKI

Edward J. Derwinski
Secretary

WASHINGTON, THE DISTRICT OF COLUMBIA

18 SEP 1989

Honorable Edward J. Derwinski
Secretary of Veterans Affairs
Washington, D. C. 20420

Dear Secretary Derwinski:

This is in reply to your letter of July 26, 1989, concerning transfer of a portion of Fort Sheridan, Illinois, to the Department of Veterans Affairs (VA) for a national cemetery. The Army is very interested in ensuring the future care and maintenance of its post cemeteries, especially at installations that are to be closed, and appreciates your assurances regarding the Fort Sheridan cemetery.

Transferring the Fort Sheridan post cemetery to the VA with a contiguous area for use as a national cemetery would appear to be very logical. However, the closure and disposal of Fort Sheridan must comply with the Base Closure and Realignment Act (BCRA), and other applicable laws, rules and regulations regarding the transfer and disposal of federal real property. In this connection, the regulations provide that reimbursement for transfers of excess real property shall equal the estimated fair market value of the property, as determined by the disposal agency. Also, consultation with the Governor of the State and the heads of local governments for the purpose of considering any plans for the use of Fort Sheridan property is required by BCRA.

Your suggestion for early discussion of the proposed transfer to the VA is a very good one in view of the complexities involved. Appropriate Department of Defense and Army officials would be glad to meet with Department of Veterans Affairs representatives and will contact your office to make arrangements.

Thank you for your considerate assurances and for your willingness to cooperate.

Sincerely,

84219
[illegible]

OPENING REMARKS

DAVID E. LEWIS
ASSISTANT SECRETARY DESIGNATE
FOR ACQUISITION AND FACILITIES
DEPARTMENT OF VETERANS AFFAIRS

BEFORE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

NOVEMBER 9, 1989

Thank you Mr. Chairman. I am honored to appear before you as President Bush's designee to become the Assistant Secretary for Acquisition and Facilities in the Department of Veterans Affairs.

Mr. Chairman, as a veteran of World War II and the Korean conflict and as a participant in VA's insurance, home loan and education programs, I have a strong sense of obligation resulting from the assistance provided to me as a platform for a successful business career. In a broader sense, the United States has afforded to me and millions of other veterans the chance to excel. I am deeply grateful for that chance and am anxious to repay my country to the best of my ability for the opportunity.

It is my hope that my background as an officer of two of America's largest corporations and as Chief Executive of a highly successful growth company can bring an enhanced perspective to the acquisition and facilities areas of the Department. The budgetary constraints which we will face in increasing magnitude in the years ahead will call for innovative ways of doing business and ever better management approaches. New financing techniques and a broad view of total asset management throughout the Department are initiatives which must be taken if we are to continue a high level of service to veterans during these resource scarce times. I am committed to bring to bear whatever talents I may have to insure that we do not operate in a business-as-usual atmosphere; rather that we move ahead with new ideas and more disciplined management to reduce costs while maintaining or improving service levels.

During the relatively few weeks I have been at the Department of Veterans Affairs, I have been particularly impressed with the dedication and quality of the VA team. Secretary Derwinski and Deputy Secretary Principi have set a superb example of selfless dedication to the veteran community. I look forward to serving with them, the Committee and the Committee staff in an admirable cause.

I thank the Committee and am prepared to take your questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name LEWIS (LAST) DAVID (FIRST) E. (OTHER)

Present address Apt 1605 Somerset House, 5600 Wisconsin Ave., Chevy Chase, MD 20815 (CITY) (STATE) (ZIP CODE)

Position to which nominated Assistant Secretary for Acquisition and Facilities

Date of nomination October 11, 1989

Date of birth 10 March 1924 (DAY) (MONTH) (YEAR)

Place of birth Washington, D.C.

Marital status Married

Full name of spouse Anne Reppert Lewis

Names and ages of children
David E. Lewis, Jr. (39)
Charles A. Lewis (37)
Laura P. Lewis (35)

Education

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
Harvard Law School Cambridge, MA	7/46 - 6/47		
Yale University New Haven, CT	7/42 - 7/44	AB	10/44

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

NONE

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last five years and any other prior memberships you consider relevant.

Organization	Office held	Dates
Christmas Cove Improvement Association, Christmas Cove, ME	President	1985-1987
[illegible] Club	Director	1985 - Present

Employment record: List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

President & Chief Executive Officer, Blessings Corporation
Liberty Corner, NJ 8/75 - 4/88

Director, J.L. Prescott, Co., Inc., Passaic, NJ 9/85-12/88

Vice President, General Manager, International Paper Company.
Purchase, NY 1970-1975

West-Point Pepperell, Inc., West Point, GA, Vice President 1953-1970

Various marketing positions Reeves Brothers, Inc. and J. W. Valentine Co. (Both of New York, NY) 1947-1953 with interruption for service in Korean War.

Military service: List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge.

8/50 - 12/51 Lieutenant, Armed Forces Security Agency, Arlington, VA - Duties classified
1/46 - 6/46 Ensign, U.S. Navy Communications Supplementary Act., Washington, DC-Duties classifie
4/45 - 6/46 Ensign, U.S. Naval Oriental Language School, Boulder, CO - Student
1/45 - 4/45 Ensign, USNR Communication School, Harvard University, Cambridge, MA - Student
8/44 - 12/44 Midshipman, USNR Midshipman's School, Columbia University, New York, NY - Student

Government experience

List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments, other than those listed above.

N

Published writings

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

NONE

Political affiliations and activities

1. List memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years.

Bush Campaign, Director, Coalition of Commerce & Industry Leaders for Bush

Republican National Committee - Total contribution $3075.00

2. List all elective public offices for which you have been a candidate and the month and year of each election involved.

NONE

Future employment relationships

1. Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

YES

2. State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization.

NO

3. What commitments, if any, have been made to you for employment after you leave Federal service?

NONE

4. (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

N/A

5. (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

YES

Potential conflicts of interest

1. Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

NONE

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

NONE

3. Describe any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated.

NONE

4. Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy.

NONE

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

N/A

Testifying before the Congress

1. Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

YES

2. Do you agree to provide such information as is requested by such a committee?

See attached.

DAVID E. LEWIS

Testifying before the Congress (continued)

2. Yes, consistent with the obligations imposed on all officials of the Executive Branch to uphold the Constitution and laws of the United States, including, where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31 U.S.C. Sec. 1108, OMB Circular A-11 and Executive Privilege.

United States
Office of Government Ethics
Suite 500, 1201 New York Avenue, N.W.
Washington, D.C. 20005-3919

OCT 23 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by David E. Lewis, who has been nominated by President Bush to be the Assistant Secretary for Acquisition and Facilities, Department of Veterans Affairs.

We have reviewed the report and have also obtained advice from the Department of Veterans Affairs concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Mr. Lewis will resign as a member of the Board of Directors of International Barrier Corporation and Blessings Corporation upon confirmation. He has also agreed to recuse himself from taking any action involving the Blessing Corporation.

Subject to the fulfillment of these commitments, we believe that Mr. Lewis will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Donald E. Campbell

Donald E. Campbell
Acting Director

Enclosure

OGE-106
October 1989

WRITTEN PREHEARING QUESTIONS FROM CHAIRMAN CRANSTON TO
DAVID E. LEWIS AND THE RESPONSES

Question 1: Please describe the duties and responsibilities of the Assistant Secretary for Acquisition and Facilities and submit an organizational table for elements within that organization.

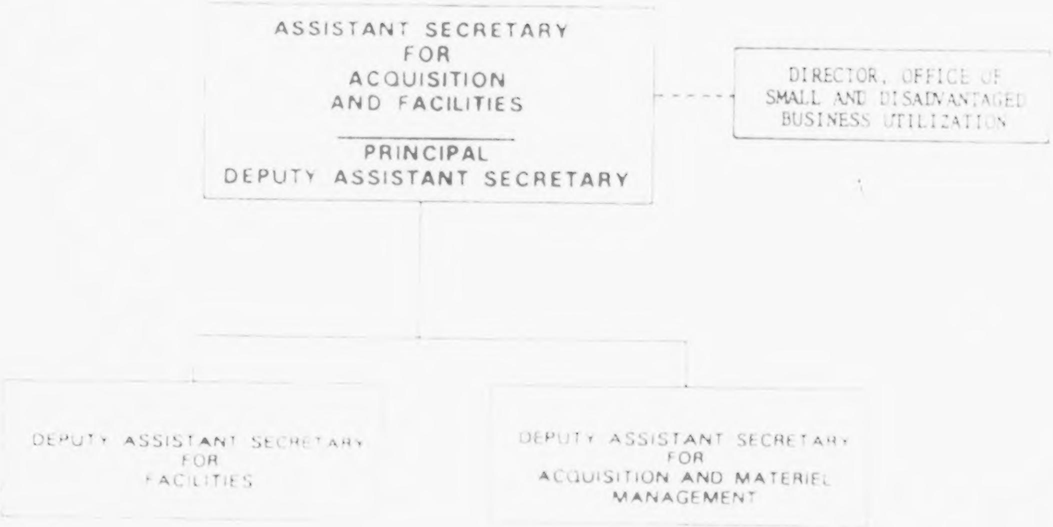
The duties and responsibilities are described below:

- Serves as principal advisor to the Secretary and Deputy Secretary on all policies, plans and operations concerning the capital facilities, real property, acquisition, environmental and materiel management programs.
- Provides guidance and management direction to the Office of Facilities and the Office of Acquisition and Materiel Management.
- Provides policy direction and guidance to assigned programs and monitors their implementation to ensure their integration and conformance with the Department's goals and objectives.
- Develops and implements effective and innovative organizational structures, policies, program plans and operating systems.
- Evaluates program effectiveness and recommends appropriate program adjustments.
- Maintains awareness of critical program developments and issues. Serves as liaison between the Secretary's office and appropriate program officials in resolving issues and major differences.
- Initiates and coordinates special or confidential studies which serve as a basis for recommending changes in program policies or operations.
- Represents and speaks for the Secretary and Deputy Secretary in discussions with other top-level VA officials and officials outside the Department.
- Serves as Department's Senior Procurement Executive ensuring that the VA's acquisition and materiel management system fully complies with appropriate statutes, regulations and Executive Orders.
- Provides policy review and administrative support to the Office of Small and Disadvantaged Business Utilization in the administration of the Department's socioeconomic program.
- Serves as the Director of Environmental Affairs, responsible for Department implementation and of compliance with environmental legislation and regulations.
- Serves as the Department liaison with a number of Federal agencies and entities in Assistant Secretary's program areas.

- Responsible for providing the real property and facilities required by the Department including specialized facilities, such as hospitals, outpatient clinics, regional offices, national cemeteries, research centers, nursing homes and domiciliaries.
- Directs, manages and controls the acquisition and facilities programs and formulates long-range goals and basic policies, objectives, priorities and procedures.
- Oversees planning, design, construction and major alteration or replacement of Department structures.
- Oversees construction programs and resource estimates based on operational requirements and current legislation and executive policies.
- Formulates annual construction budget estimates in concert with the Assistant Secretary for Finance and Planning.
- Maintains and improves VA relationships through participation in the administrative, community and social events of Federal, state, local and other affiliated organizations involved in VA programs, veterans service organizations and appropriate civic organizations.

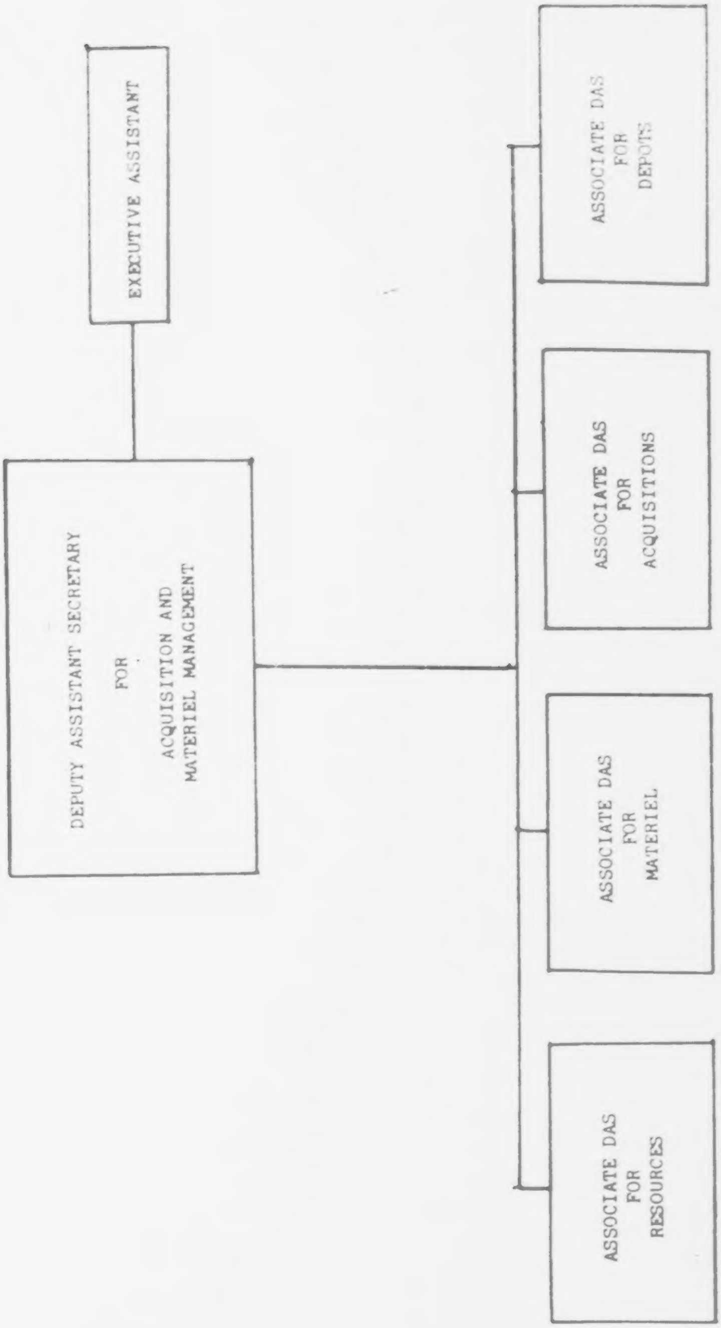
The requested organization charts follow.

OFFICE OF THE ASSISTANT SECRETARY
FOR
ACQUISITION AND FACILITIES

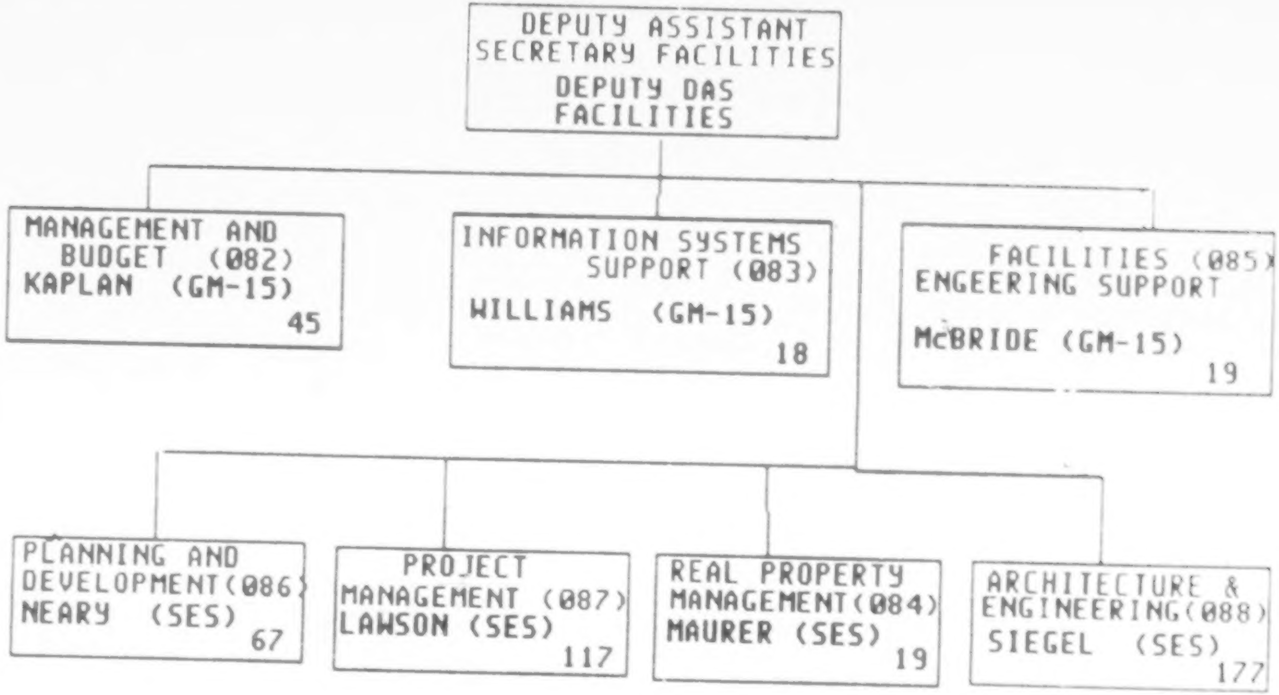

ASSISTANT SECRETARY
FOR
ACQUISITION
AND FACILITIES
PRINCIPAL
DEPUTY ASSISTANT SECRETARY
DIRECTOR, OFFICE OF
SMALL AND DISADVANTAGED
BUSINESS UTILIZATION
DEPUTY ASSISTANT SECRETARY
FOR
FACILITIES
DEPUTY ASSISTANT SECRETARY
FOR
ACQUISITION AND MATERIEL
MANAGEMENT

SEPTEMBER [illegible]

OCT 16 1989


DEPUTY ASSISTANT SECRETARY FOR ACQUISITION AND MATERIEL MANAGEMENT
EXECUTIVE ASSISTANT
ASSOCIATE DAS FOR DEPOTS
ASSOCIATE DAS FOR ACQUISITIONS
ASSOCIATE DAS FOR MATERIEL
ASSOCIATE DAS FOR RESOURCES

OFFICE OF FACILITIES



DEPUTY ASSISTANT SECRETARY FACILITIES
DEPUTY DAS FACILITIES

MANAGEMENT AND BUDGET (082)
KAPLAN (GM-15)
45

INFORMATION SYSTEMS SUPPORT (083)
WILLIAMS (GM-15)
18

FACILITIES (085) ENGEERING SUPPORT
McBRIDE (GM-15)
19

PLANNING AND DEVELOPMENT(086)
NEARY (SES)
67

PROJECT MANAGEMENT (087)
LAWSON (SES)
117

REAL PROPERTY MANAGEMENT(084)
MAURER (SES)
19

ARCHITECTURE & ENGINEERING(088)
SIEGEL (SES)
177

Question 2: The Department of Veterans Affairs is one of the largest buyers of goods and services in the Federal Government. Last year VA spent a record $4.7 billion in procurement and supply activities and administered a $700-million facility design and construction program. What do you believe are your qualifications for managing a program of this magnitude, scope and complexity?

My business career has included supervision and participation in planning, financial, marketing, public relations, information management, construction, research and purchasing disciplines. While almost no private sector enterprise can compare with the size and complexity of many Federal government activities, my track record in managing the highly successful turnaround of one of America's leading growth companies and knowledge gained as an officer of both the Nation's largest paper company and what is now its largest textile company has taught me management skills which I believe are transferrable to VA.

Question 3: The President's FY 1990 budget submission to Congress stated that the Office of Acquisition and Materiel Management (OA&MM) and the Veterans Health Services and Research Administration (VHS&RA) are developing "an efficient, high priority delivery service which will reduce costly local procurements and increase use of the overall VA's centralized acquisition distribution programs. This is expected to result in a savings of $53,600,000 in 1990." What is your assessment of these projected savings in regard to (a) the amount, (b) the manner in which the savings are expected to be achieved, and (c) the methodologies employed in computing these savings?

A. I am advised that the initial 1990 budget included a $53.6 million offset for procurement process improvements. However, included in Secretary Derwinski's January 27, 1989, budget amendment letter to Congress for FY 1990 was a request for a reduction of $25 million from these anticipated cost savings. The remaining $28.6 million in cost reductions will be realized in 1990.

B. Those cost reductions were based upon the following projections:

COST REDUCTIONS
($ in millions)

FASTRAC	$13.6
Consolidated Procurement	5.0
IV Contracts	10.0
	$28.6

C. I believe that these savings are achievable. The approach to achievement appears to be a good one with heavy emphasis on FASTRAC which serves as an intelligent option to local purchasing. The methodology employed in computing savings on FASTRAC, consolidated procurement, and IV contracts was to calculate the difference between prices paid for the products before the procurement efficiencies and after those programs were in place.

Question 4: Section 404 of Public Law 100-322 provides that the Secretary may enter into a multi-year contract for the procurement of supplies or services for use in VA health-care facilities under certain conditions.

A. Do you believe that this authority has been used sufficiently since its enactment?

No. I believe there is considerable potential for multi-year contracting and as contracting officers become more familiar with its relatively unique procedures, I am confident that its use will continue to expand.

B. What are your plans for the use of such authority?

The VA Acquisition Regulations have recently been amended to authorize multi-year contracting for scarce medical specialists and sharing agreements. It is also planned to use this authority extensively for known requirements where the possibility of cancellation is minimal. Consequently, we foresee the application of multi-year contracts to such services as elevator and medical equipment maintenance, home oxygen and ambulance services.

It should be noted that multi-year contracting is not a panacea. It is one of many tools contracting officers need to ensure that VA obtains what is genuinely needed at the most favorable price. Under appropriate circumstances, multi-year contracting will have that result. In order to expand latitude in using this technique, the Department has requested that multi-year authority be expanded to allow its use for any VA acquisition.

Question 5: Section 403 of Public Law 100-322 establishes, effective in FY 1991 and with certain exceptions, a 20 percent limitation on procurement under local contracts of medical and pharmaceutical items.

A. In the interest of establishing a baseline of data, in the most recent fiscal year for which you have data, what percentage (by dollar value and frequency of occurrence) of such VA procurements were local ones?

I am informed the VA's first report on local procurements was for FY 1988 activity. That was forwarded to the House and Senate Veterans' Affairs Committees on January 27, 1989. In FY 1988, 30 percent ($288.8 Million) of all health care items acquired by VA were procured through local contracts.

Preliminary data indicate that VA local procurement of health care items in FY 1989 was approximately 27% ($274.5 Million). This preliminary, centrally-compiled figure will be adjusted after receipt of the individual reports from VA facilities. These reports are due December 1. This will be the first time under implementation of the law that procuring activities have had the opportunity to formally relate any difficulties they have experienced, or that they anticipate in the future, in meeting the 20% limitation on local procurements.

"Frequency of occurrence" is not reportable under P.L. 100-322, as amended by P.L. 100-687; therefore, it is not tracked. However, local procurements occur on a daily basis at most VA medical facilities.

B. What efforts are underway to comply with the 20 percent limitation which will take effect in FY 1991?

While achievement of the 20% limitation is primarily the responsibility of VHS&RA, the Office of Acquisition and Materiel Management (OA&MM) acts in a support role to assist in compliance. OA&MM support initiatives include:

- "FASTRAC," the VA Supply Depot System's 'quick-ship' program, began in early 1988. FASTRAC provides 24-hour delivery of pharmaceuticals in small quantities to all VAMCs, which reduces emergency local procurements as well as costs.

- The Expanded Depot Stock Program added 370 items during FY 1987 and FY 1988, bringing the total number of items in depot stock to 1,894 by the end of FY 1988. Currently, there are 2,198 items stocked by the VA Supply Depot System, a net gain in FY 1989 of 304. In addition to reducing medical center costs, the availability of depot items reduces the number of local procurement actions.

- To comply with the reporting requirements of the laws, OA&MM has coordinated programming changes to the automated purchasing system now used in over half the VAMCs. These changes will automate tracking of all local procurements and provide reports for local analysis and action.

- In addition, OA&MM is currently exploring methods by which the decentralized data on local procurements can be aggregated into national data for analysis. The national data will be used to increase the number of health care items available through mandatory sources, thus reducing local procurements.

Additionally, VAMC Acquisition and Materiel Management Services (AMMS) submitted actions plans describing how they intend to facilitate the implementation of the requirements of P.L. 100-322 and P.L. 100-687 regarding local procurement. VAMC initiatives include:

- increasing the awareness of clinicians of the health care items which are available from mandatory sources and providing feedback to users on the progress of local procurement reduction efforts.

- providing a more stringent review process for non-emergent requests for local procurement items.

- monitoring local procurements to identify repetitive, high cost requirements for possible inclusion in the District Consolidated Procurement Program or for recommending inclusion in a national program (e.g., VA Supply Depot stock, Federal Supply Schedule contract).

C. Do you foresee any difficulties in complying?

VA's experience with the requirements of P.L. 100-322 and P.L. 100-687 regarding local procurement is very limited. The first reports required under the law from VAMCs are just now being received by OA&MM staff.

Our greatest difficulties initially are resulting from the extensive data collection required by the law. Much of the data collection is still done manually and will continue to be done manually through FY 1990. Initial automation of the purchasing functions at all VAMCs is anticipated by late Summer 1990. Implementation of the programming changes for the reporting requirements is anticipated prior to October 1, 1990 (FY 1991).

We will be analyzing all relevant procurement data to ensure that we take appropriate action to assist our procuring activities to reduce dollars spent through local procurement. Increasing the availability to VA medical centers of commonly used items through the mandatory sources will be a significant force in helping us to achieve the 20% goal. It must be remembered that we are at the beginning of the learning curve in this process.

Question 6: Coopers and Lybrand's 1986 report entitled "Comparative Study of VA and Private-Sector Procurement, Contracting, and Distribution of Medical Supplies and Non-Perishable Subsistence Items" made numerous recommendations regarding VA's acquisition and distribution system.

A. What is the status of the implementation of the recommendations of this report?

Recent testimony provided by the Deputy Assistant Secretary for Acquisition and Materiel Management to the House Committee on Veterans' Affairs Subcommittee on Oversight and Investigation provided an overview on the status of the implementation of the recommendations of the Coopers and Lybrand Study. The prepared statement is attached as appendix A. Additional improvements in the VA's acquisition and supply policies and practices were also included in the testimony.

B. What is your assessment of (i) the findings and recommendations of the report, and (ii) the extent to which the recommendations have been implemented (including recommendations that require further action to implement)?

My assessment of the findings and recommendations is that the Office of Acquisition and Materiel Management (OA&MM) took appropriate action to implement the requirements of the report. I also feel that their accomplishments reached well beyond those envisioned in the study.

C. What specific plans, if any, do you have for additional improvements in VA's acquisition and supply policies and practices?

My short tenure as a special assistant to the Secretary has not provided sufficient time to get into OA&MM's practices in depth, but I have observed some areas which I feel are candidates for improvement particularly in the area of inventory management. These will be addressed in the near future.

Question 7: What is your assessment of the Medical District Consolidated Procurement Program and its cost-effectiveness?

The Consolidated Procurement Program, I understand, has proved to be a very cost-effective initiative. It aggregates requirements for more than one medical center for commonly used supplies, equipment and services. In FY 1988, medical centers reported savings of $5.2 million by consolidating their procurement requirements.

Additionally, this program assists our effort in reducing local procurement in accordance with Public Law 100-322.

Question 8: In 1978, VA and the Department of Defense implemented a shared procurement program for medical items; the Public Health Service became a participant in 1984. This program is designed to (a) eliminate duplication in contracting efforts, (b) eliminate multiple product descriptions for identical items, and (c) obtain lower prices by buying such products in larger quantities. What are your views on the effectiveness of this program and the opportunities for improving it?

The track record appears to be very good. Since its implementation, the program has evolved from a single contract award by each organization for 20 items each to today's volume of approximately 695 contracts. In FY 1988, one year volume of consolidated shared procurement contracts grew from $530 million to $649 million. The FY 1989 volume will not be available until the end of December.

This is not to say that more consolidation should not be aggressively pursued. As we expand our efforts in the acquisition of medical equipment, we will need continued support from the medical community.

Question 9. In July 27, 1989, testimony before the Subcommittee on Oversight and Investigations of the House Committee on Veterans' Affairs, Mr. E.W. Brown, Vice President for Operations of Telemarc, Incorporated, claimed that, based on the experience of a systems contracting approach known as "Just-In-Time", which has been implemented at the Sandia National Laboratories located in Albuquerque, New Mexico, VA might be able to save $100 million per year in procurement costs for its 172 VA medical centers.

A. What is your assessment of the applicability of this concept to VA, if any, and its potential for cost savings in VA medical center procurements?

Although I have no basis by which to relate to the suggested savings potential from the Just-In-Time concept, I believe that the concept is thoroughly applicable to VA and I endorse its implementation with some exceptions.

VA currently is testing a similar approach which it calls Prime Vendor. Under this program, a prime vendor is responsible to provide specific items. The user places, through a computer terminal, Prime Vendor orders on an as needed basis. The Prime Vendor delivers the items from anywhere within its distribution network to the user, usually within a 24-hour time frame. We believe the use of Prime Vendor can operate well for routine, recurring requirements of commercially available items. Several VA medical centers which are in close geographic proximity have successfully entered into Prime Vendor arrangements for items formerly obtained on the open market. A study group has been established to expand Prime Vendor to include items presently procured through Federal Supply Schedule contracts in addition to open market items. This concept would allow Prime Vendor contractors to utilize the FSS pricing structure. The costs for this service should be offset by reduced costs for purchasing, receiving, warehousing and accounting. However, high-cost, high-volume items are most economically procured in large volume directly from the manufacturer and distributed from the three strategically located VA supply depots.

The Deputy Assistant Secretary for Acquisition and Materiel Management visited Sandia Labs on September 21, 1989, in an effort to acquire more detailed information on the "Just-In-Time" concept and their experience with it. In addition, the staff has recently met with Mr. E. W. Brown of Telemarc on October 19, 1989, at his request to discuss his company's approach to the "Just-In-Time" concept. Based upon this meeting, Telemarc has offered to provide their views on how they can assist VA in evaluating "Just-In-Time" concepts. When asked what methodology was used to calculate the $100 million per year savings, Mr. Brown acknowledged that his estimate was just an "attention getter."

Question 10: On May 24, 1989, VA issued a policy statement which mandated that VA increase business opportunities for veterans, and to this end, will increase the participation of veteran-owned businesses in VA's procurement process. How do you plan to increase such participation and by what percentages?

Participation by Vietnam era and disabled veterans in VA procurements will continue to be promoted by an aggressive and stepped up outreach program aimed at informing the veteran of opportunities and instructing contracting officers of VA policy in this area.

Programs include participation in small business procurement conferences aimed at Vietnam era and disabled veteran-owned firms, providing acquisition information packages to targeted companies, veterans service organizations and VA veteran centers, updating and diseminating a Vietnam era and disabled veteran-owned small business resource list to VA contracting facilities and improvements in reporting systems to more clearly identify participants.

The planned increase in participation for FY 89 was 7% over the FY 88 actual. A 1990 goal will be established in November when the 1989 results are known.

Question 11: An April 1985 report by Booz, Allen & Hamilton/RTKL Associates, entitled "Comprehensive Study of VA's Organization and Procedures for Constructing Health Care Facilities", made several "core process" recommendations designed generally to (a) increase the level of early planning done in the health-care facility design and construction process, (b) improve guidance and standards, and (c) streamline current procedures.

A. What is your assessment of each of the recommendations and the extent to which each has been/is being implemented?

The recommendations vary in significance and specificity. In general, however, they all make good sense to me, and I feel that they will certainly improve VA's construction processes. The extent that each has been or is being implemented follows:

Recommendation 1: An overall facility development approach to construction planning should be implemented.

Status: Beginning in FY 1987, VA substantially enhanced the facility development planning process through initiation of Facility Development Plans (FDP). The FDP process was established in response to a recognized need to improve VA facility planning through the adoption of a facility development approach which provides comprehensive and consistent information about facility requirements nationwide.

VA has successfully pilot tested this program at four sites. The success of the program was substantiated by an extensive evaluation conducted by Booz, Allen and Hamilton, Inc.. Their evaluation found it sound and recommended proceeding forward with the immediate implementation of the FDP program.

As a result of the pilot program, refinements have been incorporated into the process. A standard format for all FDPs, Style Guide, has been established to simplify the development and use of the Plan and ensure consistency across all medical centers. A standardized electronic publishing/document management system has been developed and implemented. Management tools have also been developed such as milestone schedules, task analyses, and consultant manpower forecasts.

The implementation of this program is well underway with fourteen contractors responsible for eighty FDPs under contract. The selection of contractors for the next group of forty medical centers has been completed.

Recommendation 2: Project planning should emphasize earlier definition of scope, design problems, design constraints and management requirements.

Status: This recommendation will be implemented through the FDP process, which will eventually cover all facilities. From work on the four pilot FDP projects, a number of procedures that will improve project planning and provide better, more comprehensive information on alternatives for the specific work to be accomplished and the ramification of these alternatives on overall facility planning and operationshave been identified. Data on the physical condition of buildings and systems at a facility is fed into the FDP to enable a more comprehensive determination of facility functional and physical deficiencies, needs and alternatives to correct these problems given the limited resources available to VA.

An integral part of the FDP process is the initiation of design programming activities in support of future construction projects. New approaches for determining initial design programs, have been recently initiated. Once a project is selected to proceed, a project specific Functional and Physical Design Program, described under Recommendation 5, will spell out in detail the requirements and goals of each project.

Recommendation 3: Construction program planning should be more closely coordinated with medical facility planning.

Recommendation 4: Better information on project need should be developed to guide construction program resource allocation decisions.

Status: These two recommendations were combined for implementation. These recommendations have been implemented in part through a closer association between the capital facilities program and MEDIPP through more frequent contact between the facility planning and MEDIPP staffs. O/F and VHS&RA have also developed an Memorandum of Agreement to clarify the management roles and responsibilities of each organization. The implementation of the FDP process and the development of the prioritization methodology have greatly contributed to the implementation of these two recommendations. Further implementation will come through the development of a national data base on VA facilities including information associated with FDPs.

Recommendation 5: Design activities should be structured to resolve functional and scope issues earlier in the design process.

Status: The Office of Facilities has completed a major effort to identify a new approach to design activities consistent with current industry design and construction practices and this recommendation. The major emphasis of this effort was to resolve scope, functional and technical issues at the earliest possible time.

implications and methods of restructuring the entire project planning, design, construction and activation process have been studied by a VA working group. Complete implementation of its recommendation is expected in early 1991.

Design activities will begin with the first phase of design programming in FDPs. This first phase will analyze departments and services and estimate current and future requirements in terms of location, space, major equipment, and technical needs. It will form the basis of the formal detailed Functional and Physical Design Program which will be the first step in development of a specific construction project. This document will also include the appropriate information from the FDP, VA criteria, and other sources. This effort will involve the VAMC, central office program experts, and O/F personnel in a working out of the new project's precise needs, before the design drawings are initiated.

After completion of the design, schematics will be prepared which encompass two stages, block plans indicating departmental relationships and then single line drawings indicating all the rooms. After approval of schematics by appropriate parties, design development is initiated. By completion of this phase all functional and technical decisions will have been made, and its approval should obviate the need for further changes in later stages of project development, i.e., contract documents and construction.

Recommendation 6: Funding strategies should be developed that minimize coordination requirements between the construction budget processes.

Status: Keeping with the revised design process described in Recommendation 5, a shift of resources from the design fund to the advance planning fund (APF) was accomplished in the FY 1989 budget and is included in the FY 1990 budget to permit further developmental work in project development beyond the current point of completed preliminary design. A major part of this recommendation was to combine the APF and Design Funds in order to achieve time and cost savings associated with the delay which presently occurs while awaiting the budget development process. I will be reviewing this recommendation for consideration as a legislative initiative to implement this change.

Recommendation 7: Improvements are needed in process level standards and control tools.

Status: As I understand, one of the major initiatives of the Office of Facilities is to improve the Space Planning Criteria development process so that the Criteria program is recognized throughout va as sound. The individual chapters of Space Planning Criteria will be updated regularly so as to be current; updating includes the appropriate involvement of the field users of criteria; and that routine feedback into the criteria development process is provided from project and program development. The achievement of these objectives will require a management commitment on the part of both O/F and all its clients. Several initiatives have been identified which are designed to establish management commitment to this program, clarify priorities in this program, and monitor the efforts of all involved parties towards implementing these objectives. The initiatives under development include:

a. Criteria Development Plan. An annual plan agreed to by O/F and its clients which will chart the course of criteria development activities for each fiscal year.

b. Annual Audit Procedure. Information collected through an annual review of the adequacy of each area of criteria would be used to establish the development plan referenced above.

c. Criteria Management Plans. For each major initiative in criteria, a management plan similar to project management plans will be developed.

d. Formal required feedback mechanisms from the project development process will be put in place. This will provide information on when and why deviations from criteria are occurring in projects.

e. Streamlined minor revision process. When small changes are needed in criteria, a process should be in place to allow these to happen quickly.

f. Progress Reporting. There will be regular reporting of progress towards updating criteria chapters against the established milestones. Slippage/bottlenecks will be recognized and addressed.

g. Executive Oversight Committee. This committee will be established to provide a forum for communication, oversight and dispute resolution relating to criteria. Its membership is from O/F, VHS&RA, Budget and Finance and when appropriate other organizational elements of VA.

Another major emphasis of O/F has been the setting up of a Standards Division. This group will coordinate the production, updating, and revision of all technical standards in O/F, as well as Design Guides and Design Programs.

A further major initiative has been the implementation of automatic data processing (ADP) in the design process. This has included the translation of the VA Master Specifications to ADP format and its distribution on laser disk technology together with other federal agency information. Computer aided design and drafting (CADD) technology is also being used to increase standardization and efficiency.

B. What data/indicators exist, if any, which show evidence of improvements in the time, cost, and quality (or any other areas) of the health-care facility design and construction program as a result of the implementation of the core process recommendations?

Because of the recent implementation of the core process recommendations into operational processes, indicators of such improvements are being developed. However, improvements in the quality and efficiency of our design and construction programs are expected.

Question 12: What discussions, if any, have you had with (a) the Chief Medical Director, and (b) VA medical center directors, chiefs of staff, and health-care professionals on the working arrangement between VHS&RA and the Office of Facilities in the health-care facility design and construction process, and what have you learned from any such discussions?

I have not as yet had the opportunity for detailed discussions with the Chief Medical Director or his staff on this issue. I am confident that if the working relationship were not good, I would have heard about it. I have of course met with the Chief Medical Director and VHS&RA senior management on several matters and from these discussions as well as my review of material associated with the consultant study of the construction processes and ensuing organizational and process realignments, I have developed the initial impression that many improvements have been made over the last several years and that a good working relationship exists. I will be carefully evaluating this as I learn more about the facilities program, if confirmed.

The roles of VHS&RA and the Office of Facilities must compliment one another. The objective of both is to insure that needed facilities for veterans are provided and maintained in an efficient and timely way. I have been fortunate in the short time that I have been at VA to have visited the facilities in Baltimore, Denver and Phoenix. I have discussed with the medical center directors their concerns and ideas for improving and building upon this relationship. These discussions have been very productive.

Question 13: What discussions, if any, have you had with Office of Facilities, VHS&RA and VBA staff on the lease-purchase option for acquiring VA facilities, and what are your views on the use of this option in VA?

Personally, I have had no indepth discussions with VHS&RA and VBA on the subject of lease/purchase acquisition of facilities. However, I have briefed the entire upper level of VA management on the topic as part of the larger subject of total asset management and non-traditional (for VA) methods of facility acquisition.

In general I do not believe in an off budget approach to facility acquisition if financed in traditional ways. However, the use of capital leases with a purchase arrangement at lease termination can, I believe, enable VA to acquire needed facilities and services. Similar approaches could apply to maximize the value of "excess" properties through development of public/private joint ventures that result in a net benefit to the agency. These are representative strategies which we will be examining in future facility planning which will of course be guided by sound business judgment and applicable laws.

Question 14: VA is developing and implementing, in various stages, Facility Development Plans (FDPs) which are intended to improve facility planning for VA medical centers and provide a long-range strategy for addressing VAMC facility needs. What is your assessment of FDPs in regard to (a) the soundness of the concept, (b) the success of the 4 pilot projects, (c) the cost-effectiveness of implementation, and (d) the benefit to VA?

A. The soundness of the concept?

One of the most significant recommendations of the Booz, Allen and Hamilton/RTKL (BAH/RTKL) consultant study which evaluated and made recommended improvements to the VA's health care facility construction process was to undertake Facility Development Plans (FDPs) for all VA medical centers. The 1985 study found:

"In the current Health Care Facility Construction Process, construction planning tends to focus on individual project needs rather than on more strategic facility development needs. This approach does not provide an adequate foundation for carrying out long-term planning. The result is inefficient utilization of resources, poorly coordinated construction activities at individual facilities, and ineffective project planning."

To address the problem the following recommendation was made:

"Implementation of a facility development approach to construction planning that provides a strategic framework for identifying individual construction projects with a VAMC."

I strongly support the recommendation and the concept with the caveat that FDPs will only be as good as the programmatic input to them particularly in such areas as bed size projections.

B. The success of the 4 pilot projects?

An evaluation performed by Booze Allen of one of the pilots found that:

"...that the process is fundamentally sound. It does what it was intended to do, produce Facility Development Plans (FDPs) that provide information needed for developing project requirements, construction program planning, and project consideration. It provides a good foundation on which to continue full scale implementation."

I concur with that finding.

C. The cost-effectiveness of implementation?

In total, the cost of the program is expected to be approximately $40 million, which represents a small fraction of the total dollars which are planned to be invested in facilities over the next five years. The expected average cost to complete an FDP study and produce a final plan is in the vicinity of $250,000 to $300,000 each, system-wide. Based on the actual results of fixed price contract negotiations for 76 VA medical centers, the average cost is $240,500 per FDP. Weighing the benefit of sound in depth planning against its cost seems to me to point to FDPs as a clear cut winner.

D. The benefit to VA?

I believe that the FDP process will be of significant value over the coming years to determine accurately the needs of the system. It will provide VA with an overall picture of the capital improvements resources required to meet needs as we approach the 21st century. It will allow us to assess quickly the impact of ever-changing health care delivery and budgetary environments on the system; therefore, allowing decision makers to formulate realistic strategies to respond to these changing conditions in a systematic and deliberate manner.

Question 15. What discussions, if any, have you had with the Office of Facilities regarding the "construction manager" concept, and what were the outcomes of such discussions in regard to (a) how VA defines the concept (b) its potential usage, and (c) any statutory or other barriers to such usage?

I have had some discussions with O/F about the concept, but they were not specific to a project.

A. How VA defines the concept?

VA defines the concept as an alternative project delivery approach to the traditional design-bid-build, using a professional management process from conception to completion of a construction project.

B. Its potential usage?

Construction manager is currently used on selective major projects during the preconstruction stages under the title of Limited Construction Management.

We plan to select a pilot project to try CM through completion of construction using a guaranteed maximum price style contract. The pilot project will probably be a mid size, $20 - $40M project, perhaps larger.

C. Any statutory or other barriers to such usage?

There are no statutory or other barriers to the usage of CM.

Question 16. A. **What is your assessment of VA's "prioritization methodology", which is designed to be an objective set of criteria used in evaluating and ranking major construction projects?**

I understand that the prioritization methodology is a Congressionally recognized and approved, state-of-the-art decision support tool that objectively evaluates and prioritizes the major construction projects for funding considerations. It is far superior to the previous method of selecting major projects which I am told relied totally on subjective decision making and selecting.

B. Do you plan to propose any changes to that methodology?

Probably as I become more familiar with it. The prioritization methodology is currently being revised to include prioritization of all major construction projects. The current review process entails a thorough review and update of criteria for Veterans Health Services and Research Administration (VHS&RA) projects, development of criteria for Veterans Benefits Administration (VBA), and the National Cemetery System (NCS).

C. To what extent will you adhere to it?

I will adhere to the methodology to the extent practical. Any point system can not take into full account all possible factors on a project and their relative importance to VA. The Secretary must retain the management flexibility to deal with unforeseen factors which the methodology does not readily accommodate. For example, the recent Loma Prieta earthquake, budgetary constraints, recent IG audits, project schedules, etc.

D. Do you believe that seismic deficiency correction projects are currently sufficient priority in that methodology?

I did until October 17th. The subject will be reviewed in light of the recent disaster.

Question 17: On October 19th, Senator Mikulski and I wrote to Secretary Derwinski, in the aftermath of the October 17 San Francisco Bay area earthquake, regarding the long-delayed projects to correct seismic deficiencies and make other improvements at the Palo Alto and Martinez VAMCs, and Secretary Derwinski advised late that afternoon that he agreed with our urgent recommendation in that letter that these projects be provided utmost priority for immediate funding. What are your views on this matter and could you please expedite the response to our letter (copy enclosed)?

I couldn't agree more on the need to expedite the seismic corrections for our facilities. The Office of Facilities and VHS&RA are currently developing plans for the restoration of all programs that have been interrupted. This is a very serious matter to the Secretary, myself and the entire VA. I can assure you that it will receive the highest priority with me.

We are already investigating new financing approaches, such as lease purchase methods, that might be linked to consltruction management techniques to expedite the restoration and/or replacement of damaged facilities.

Corrective actions in times of and in response to emergencies call for innovative approaches. The recent earthquake clearly justifies my feeling that both seismically damaged and seismic deficient structures should receive the high priority commensurate with our collective ability to plan and provide acceptable albeit novel methods of financing during these otherwise financially constrained times.

The first response to your letter of October 19, 1989, will be forwarded to you and Senator Mikulski on November 9, 1989. The requested 30-day and 60-day reports that deal with particular seismic projects will be forwarded to you near the end of November and December 1989, respectively.

$61.2 million was included in VA's request for emergency funds to respond to the October 17, 1989, Loma Prieta earthquake. A detail of our request of our request to OMB is as follows:

Medical Care Administrative Costs, Research Facilities, Non-recurring Maintenance, etc. (Earthquake) $15.6 Million

Emergency Construction (VAMC Palo Alto) $19.0 Million

Cemetery Damage (San Francisco and Golden Gate) $4.0 Million

Veterans Benefits Administration (Regional Office) and other Administrative Costs $0.6 Million

Advance Planning Funding for Major Construction $2.0 Million

Emergency Design Funding for Major Construction $20.0 Million

Question 18: The report of the Senate Appropriations Committee on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriation Bill, 1990 (S. Rept. No. 101-128, p. 24) states: The Committee is distressed with the inordinate number of cost overruns in the VA construction program. In a recent 3-month period the Department submitted requests for reprogramming approvals resulting from cost overruns totaling $26,000,000. The Committee wishes to make clear that it will no longer approve such reprogramming requests in a perfunctory manner. Cost overruns will be given the strictest scrutiny and reprogramming requests will be approved only in extenuating circumstances." What steps do you plan to take to deal with this statement?

I certainly share the Committee's concern about the high number of reprogramming requests. Attention to that area will be one of my primary goals, if I am confirmed.

To get at the problem we will focus upon several areas. They include:

The estimating process. The long lead time between project estimated costs for budget inclusion and the actual award of construction contracts requires that accurate economic forecasts of the cost of capital, labor and material be made in a volatile economic climate. This time span must be constricted. New tools such as design-bid-build implemented at an early stage should shorten our time spans and will be pursued.

Programmatic changes. Understandably many programmatic changes which add life prolonging new technology introduced after the design phase has been completed or even after construction has begun are desirable and even necessary to fulfill our mission of service to veterans. However, there has to come a time when the answer is no. In the past, change orders for program changes were approved at various levels within VA. We will propose that all future client requested changes in excess of $50,000 will be approved at the Assistant Secretary level. This increased level of review and scrutiny of all client requested changes should clearly communicate to all users the intent of the Secretary to proceed only with the most essential major construction changes. Structural changes either have been made or are planned for early implementation to effect more control over changes. These include:

- Facility Development Plan (FDP) process is well underway. FDPs will enhance our ability to better define projects early in their development, contributing to an environment where a premium is placed on user participation early to avoid the need for major program changes.
- Innovative financing approaches which include alternative construction techniques such as contractor construction management, design build and lease purchase.

- A Design Changes Review Board was established by VHS&RA in FY 88 to review all proposed major construction programmatic changes over $25,000. This has resulted in a reduction of the number of such change requests with effort devoted to only the most essential changes.

- Preliminary plans will be more completely developed prior to the establishment of a construction project budget through the use of industry standard design development guidelines.

- Implementation of Equipment Acquisition Task Force recommendations to improve the coordination between equipment deliveries and construction schedules.

- Increased financial monitoring of all ongoing major construction projects via the newly completed and implemented automated Contract Administration Management System (CAMS). This system will eventually be linked to every project site for the purposes of automated transmission of change order information through the microcomputer-based Resident Engineer Management System (REMS).

- Greater A/E involvement in construction phasing with an emphasis on reducing costs due to multiple phases.

- Increased emphasis on constraining A/E firms to limit the design of projects to fall within available funds.

Question 19: Prosthetic appliances and sensory aids are presently provided to individual VAMCs through the Prosthetic Distribution Center (PDC) and three supply depots and are also purchased on the local level by individual centers.

A. What do you see as the relative advantages and disadvantages of the PDC distribution versus supply depot distribution?

PDC distribution must be viewed as a retail versus a wholesale operation. The PDC deals one on one with the veteran, whereas supply depots are geared to quantity shipments to what I would characterize as wholesale distributors, i.e., VAMC warehouses, who in turn supply VAMC pharmacies. A highly organized and innovative mail order retail distribution system has been developed over the years at PDC in Denver. A skilled workforce of audiology repair technicans has been assembled from a cadre of retired local Air Force electronics technicans. Submerging this very successful activity into a large, bulk shipment warehousing system seems to me to be a scenario for trouble. Whether skilled technicans are available at the supply depots is unknown.

I question whether it is advisable to gamble a high level of service to satisfied veterans on the potential reward of a modest rent savings.

B. Do you believe that the PDC's distribution function could be absorbed by VA's three supply depots?

Yes, physically it could be absorbed. However, decentralizing this activity to three depots would increase overhead requirements associated with billing, inventory management, ADP and distribution which are now all consolidated at PDC and unique to that organization. There would be no economies of scale achieved by decentralization; rather, the opposite effect would take place.

C. Items not available through either the PDC or the supply depots are purchased by local VAMCs from commercial vendors. Do you believe that VAMCs, on a district or regional level, should be required to consolidate their commercial prosthetic purchases to realize the benefits of bulk procurements?

Yes, to the extent that it is economical and practical, procurement should be consolidated and we will work to that end. The PDC is the mandatory source for VA medical centers for items listed in the PDC catalog, except for emergency requirements. Emergencies are minimized by one-day air express service from the PDC to VA medical centers. Catalog items include stocked hearing aids, hearing aid batteries, stump socks, blind support items, flexible orthoses, and elastic hosiery. Over 95 percent of the PDC transactions for these items are with individual veterans.

D. Are you satisfied that an effective coordinating mechanism is in place to ensure that the medicines and supplies acquired by the Assistant Secretary for Acquisition and Facilities are of the type and quality that will enable VHS&RA to provide high quality care? If so, please describe that mechanism.

Yes, as I understand it, the Department of Veterans Affairs has agreements with the Food and Drug Administration to provide quality assurance for medical devices and pharmaceutical products. These agreements extend FDA coverage to those medical devices and pharmaceuticals stocked in the depots and contracted for under the Federal Supply Schedules. In addition, complaints received on devices and drugs are forwarded to FDA for investigation.

The Office of Acquisition and Materiel Management works closely with VHS&RA medical staff to ensure that the items stocked in the depot system are of the quality needed to provide essential medical care. Under the Standardization Program, VHS&RA approves each item recommended for standardization prior to procurement action. Drug items are reviewed and recommended for stocking by a VHS&RA pharmacist before they are placed in the depot system.

The close coordination and interaction with FDA and VHS&RA provides Acquisition and Materiel Management the mechanism to ensure that the medical and pharmaceutical products provided are of the type and quality needed to provide high quality care.

APPENDIX A

Testimony of
H. Robert Saldivar
Deputy Assistant Secretary for Acquisition
and Materiel Management
Department of Veterans Affairs

BEFORE

Subcommittee on Oversight and Investigation
House Committee on Veterans' Affairs
July 27, 1989

Mr. Chairman, I am H. Robert Saldivar, Deputy Assistant Secretary for Acquisition and Materiel Management. It is indeed a pleasure to have this opportunity to testify regarding the results of the Coopers and Lybrand Study, as well as the status of some of our acquisition and materiel management initiatives, which ultimately will result in making more dollars available for care of our country's veterans.

As you know, the Department of Veterans Affairs (VA) contracted with the firm of Coopers and Lybrand (C&L) in 1984 to study its central distribution system, as well as specific logistics programs for the delivery of health care items. The VA's central distribution system encompasses a marketing center and supply depot in Hines, Illinois, two other supply depots, one located in Somerville, New Jersey, and the other in Bell, California, and a prosthetics distribution center in Denver, Colorado. At the conclusion of their evaluation, C&L endorsed the VA depot system as providing an appropriate level of service to our health care facilities. Subsequently, the depot system was once again put to the test when it competed against the private sector through the A-76 process for the most efficient warehouse operation. As a result, the VA won all three competitions and the functions remained in-house. C&L identified recommendations as suggested areas of program improvement and implementation. Those recommendations are incorporated into this testimony and submitted as Exhibit A.

Our Goals

I am pleased to state that we feel that our accomplishments already reach far beyond those envisioned in the study's recommendations. Specifically, the Office of Acquisition and Materiel Management (OA&MM) is a service-oriented organization. As such, we constantly assess the anticipated needs of our clients and the quality of our service. Our initiatives and achievements emphasize our goals of providing high quality, cost-effective products on a timely basis. In turn, our accomplishments focus on providing innovative, efficient and economical service to our customers. Ultimately, the veterans and taxpayers benefit from our service-based philosophy.

Our Initiatives

Standardization:

The C&L Study validated a number of our program initiatives and proposed other notable improvements. Some of these proposals were based on discussions the contractor had with VA program officials and consultation with other leaders in the health care industry. A primary example of this case is the VA Medical Supply Standardization Program. This recommendation discussed the merit of such an effort as it affected the medical care industry in the private sector. Although our acquisition and materiel management programs are predicated on the utilization of mandatory Federal and commercial sources, we felt the standardization of specific items would result in further cost savings and efficiencies. Consequently, the concept was further developed and implemented for Departmental use.

Standardization is a VA-wide program intended to reduce, to the maximum extent feasible, the number of different types, sizes, models, and brands of medical items purchased which serve the same functional purpose. This reduction must be accomplished without compromising the quality of medical care or the integrity of the Federal/VA acquisition process. Although Public Law 100-322, enacted May 20, 1988, required implementation of the VA Medical Supply Standardization Program by October 1, 1989, the Department actually implemented this program on September 9, 1987.

One of the most important achievements in the VA Medical Supply Standardization Program in 1988, was the award of a competitive contract for intravenous (IV) solutions and administration sets. This single award contract was awarded in August 1988 and is for a 5 year period. It includes over 100 IV solutions and 6 associated administration sets and is a mandatory source for required IV products at VA medical centers. Maximum utilization of the contract will result in potential savings of $75 million over the contract period. This translates into more dollars available for delivery of patient care. The IV Solution procurement established the framework for future conversion of multiple award contracts to competitive single award procurements.

Also during FY 1988, 315 items were selected for review under the Standardization Program, and 155 items were approved for standardization. As a result of this effort, the potential for multimillion dollars in cost avoidance will be realized.

Reduction of Local Procurement:

The Department is also committed to reducing the level of local procurements made by VA Medical Centers. Clearly, a strong force in achieving this effort is the legislation contained in Public Law 100-322. The 20 percent limitation on local procurement of medical and pharmaceutical items is effective in FY 1991. As a result, we have developed procedures for implementation of the law which will ensure compliance and measure our levels of achievement. There will be increased reliance on the VA Supply Depot System. The depots achieve an economical advantage in purchasing and distributing drugs and medical supplies due to large volume discounts. In addition, the depot system provides conveniences to field facilities since orders can be filled from a single source rather than several vendors. Administrative costs are reduced due to lower ordering costs, and transportation costs are lessened because shipments are made in truck loads rather than small lots. We are constantly searching for ways to reduce local procurements through decisions to stock certain items in our depots or provide them through contractual arrangements.

FASTRAC:

Additional Central Distribution System initiatives are also being implemented to achieve greater economies and efficiencies. FASTRAC is a 24-hour VA depot delivery program for urgently needed pharmaceutical items. This program began as a test at 71 medical centers in early 1988 and has been available to all medical centers since October 1988. To further enhance the effort, the VA Marketing Center has begun a vigorous program to increase the number of depot stocked items since FASTRAC is helping to reduce the need for local procurements. To date, savings to our medical centers are estimated in excess $1 million monthly.

QUICK SHIP:

The VA Marketing Center located in Hines, Illinois, has included a 24-72 hour emergency shipment clause in VA FSS contracts that will reduce local procurements. This procedure is not only more responsive to patient needs, but reduces acquisition and administrative costs.

Consolidated Procurement Program:

Not only are medical centers benefiting from these centralized programs, they also are demonstrating significant achievements at the field level. The Medical District Consolidated Procurement Program (CPP) has proved to be a very cost-effective initiative. This program aggregates requirements for more than one medical center for commonly used supplies, equipment and services. In FY 1988, medical centers reported savings of $5.2 million by consolidating their procurement requirements. In addition, medical centers in Massachusetts, Rhode Island, Vermont, and Maine have developed a consolidated solicitation which will provide preventative maintenance services for 28 x-ray systems located at seven VA health care facilities. This too will result in stretching VA budget dollars.

Automation:

The OA&MM is replacing its outdated, batch operated LOG I computer system with a state-of-the-art, on-line information system called Integrated Supply Management System (ISMS). This commercially developed, off-the-shelf system will support the centralized and decentralized acquisition and materiel management programs. ISMS will also provide enhanced services and cost efficiencies to VA users, other Government agencies and private sector vendors. With this system, the VA will have the tools to make better informed decisions, and the potential of contributing to major cost savings on a Governmentwide basis. It will provide a management tool to strengthen controls to prevent fraud, waste and abuse.

The implementation of ISMS will result in dramatic improvements in productivity and program planning, oversight and monitoring. It will provide a greatly enhanced universe of data, which will result in more meaningful, reliable information for use in management of the VA's nation-wide purchasing, inventory and depot distribution system, which is the system which C&L found to be efficient. Crossing new thresholds in ADP, ISMS will give OA&MM the means to consolidate procurements; evaluate ordering and consumption levels, costs of products, transportation and expenditures; capture nation-wide purchasing and delivery trends; enhance our Standardization and Consolidated Procurement Programs and reduce local procurements. All of these data will be utilized to perform improved market analyses, and in turn, to maximize the VA's tremendous buying power for higher volume, lower cost acquisition of broad categories of products.

The ISMS will be compatible with the VA's existing automation systems such as Integrated Fund, Distribution, Control Point Activity, Accounting Procurement (IFCAP) in the Decentralized Hospital Computer Program (DHCP), and the newly defined Financial Management System (FMS). The ISMS also will be compatible with other major Government automated logistics systems. Together, these automation systems will provide the VA a truly integrated vehicle for management of its logistics programs and accounting systems.

We currently are in the procurement cycle for ISMS, and expect the system to be implemented by 1992. The system should be fully operational by 1993.

The benefits of ISMS will be wide spread. ISMS will be the common thread that weaves together many of our current programs and future initiatives. As a result, it will contribute greatly to our ability to realize major efficiencies and cost savings. This too, will translate into more dollars available for care of our country's veterans.

Training Programs:

The OA&MM has embarked on an ambitious effort to train, upgrade and professionalize its work force. Through its oversight activities, OA&MM has recognized that a significant portion of the problems occurring at the field activities could be attributed to the lack of skills, knowledge, and training on the part of the Department's acquisition and materiel management work force. Lack of appropriate training directly affects the costs and timely delivery of goods, services and construction; the quality of work performed; and costs resulting from contractors' protests and claims. The importance of ongoing training to a well-managed and effective supply system cannot be overemphasized. Our efforts to provide training reflects the fact that cost savings in our supply systems will not come from automation or productivity tools alone. Rather, they also will come from a well-trained, professional work force, one which is committed to procurement integrity, serving the public, and our country's veterans.

The following reflects some of our specific training initiatives:

Acquisition Training

Executive Order 12352 requires Government agencies to implement a system of well-qualified, properly trained procurement officials. In response to this mandate, OA&MM in conjunction with VHS&RA developed the Acquisition Training Program (ATP). The ATP curriculum consists of four 40-hour courses of instruction covering such topics as contract formulation, contract administration, cost and price analysis, and negotiations. These VA specific courses are taught by contract instructors at VHS&RA Regional Medical Education Centers located throughout the country. Since its inception in FY 1984, over 650 contracting officers have been trained in 3 or more of the acquisition training courses. Self-instructional training material in the area of small purchase procedures has also been developed and distributed to medical centers to ensure that our purchases under $25,000 are made as efficiently as possible. The VA's Contracting Officer Certification Program (COCP), a system for appointing and terminating the appointment of contracting officers, further structures the minimum training and performance requirements for the Department's acquisition work force.

Property Management Training

To meet the training needs of our property management work force, the OA&MM has developed 3-day property management training seminars. These seminars, which are conducted at VAMCs, enhance program management of our property management personnel in the field. Over the course of the last two fiscal years, OA&MM has sponsored a seminar in each of the seven VHS&RA regions. In addition, we have developed 10 self-instructional modules in the area of property management. Each module consists of a workshop manual and a videotape.

Supply Processing and Distribution Training

Within the past year, OA&MM has been developing a training and certification program for the 2,400 employees who work in Supply Processing and Distribution (SPD) sections at VAMC's. The training will be self-instructional in nature and will consist of materials developed by the American Hospital Association. Employees who successfully complete the training requirements will be eligible to take a certification examination and apply for VA certification. Certified SPD employees will in turn train subordinate SPD personnel.

VA/DoD/PHS Shared Procurement Program:

In 1978, the VA and the Department of Defense (DoD) implemented a shared procurement program for medical products. The Public Health Service (PHS) entered the program in June 1984. The main objectives of this ongoing acquisition program are to eliminate duplication of contracting efforts, to eliminate multiple product descriptions for identical items, and to obtain lower prices by buying these products in larger quantities.

Since its implementation, the program has evolved from a concept to a reality; from a single contract awarded by each department for twenty items each, to today's volume of approximately 695 contracts. In FY 1988, the one year volume of consolidated shared procurement contracts grew from $530 million to $649 million.

The program has continued to make significant progress. The DoD, VA and PHS realized combined savings and cost avoidance of $68.7 million during FY 1988, despite the escalating cost of medical products. The cumulative savings realized since the program was implemented exceeds $214 million.

The initiative to expand the Shared Procurement Program to include consolidated interagency requirements of medical equipment has made steady progress. The value of medical equipment contracts negotiated by the VA Marketing Center, Hines, Illinois, during FY 1988 amounted to $97.4 million. The types of high-tech/high-dollar equipment purchased are X-ray, Nuclear, Ultrasound, Radiation Therapy, Hemodialysis, Magnetic Resonance, Lithotripters and CT Scanners. The combined savings realized in this area during FY 1988 was $16.3 million.

In closing, thank you for the opportunity to share with you accomplishments in our programs. Rest assured, we will continue to focus on innovative ways of providing high quality, cost-efficient services in a timely manner to our Nation's veterans.

Exhibit A

The following are the Coopers and Lybrand recommendations and the VA's summary of accomplishments:

1. The VA Marketing Center should employ multiyear contracting on a selected basis.

The VA obtained multiyear contracting authority on May 20, 1988, as part of Public Law 100-322. Requirements are analyzed for possible inclusion of multiyear provisions in solicitations. At the present time, these authorities are limited to the procurement of supplies or services for use in VA health care facilities.

2. The VA should expand the number of pharmaceutical items procured through the National Contracts Program for nondepot stocked items.

The Marketing Center has actively pursued national contracts for expanding its procurement programs for pharmaceutical items. Primary examples of these contracts were for IV Solutions, acetaminophen products and insulin. In addition, we are utilizing existing automation systems to analyze buying trends of nondepot stocked drugs. Moreover, our newly developed automation systems will allow us to systematically enhance our efforts to make more items available in our depot system.

3. The Marketing Center should identify a candidate number of FSC 6510 non-critical items and convert these from FSS multiple award to single award schedules.

The VA generally endorsed this recommendation and implemented an aggressive conversion program. However, not all items are valid candidates for single award schedules, because the requirements are based on governmentwide needs of a variety of users.

4. The VA and DLA should continue to expand their efforts to identify new medical supply and pharmaceutical items to bring into the program.

The dynamic VA/DoD/PHS Shared Procurement Program has been underway since 1978. New items are constantly being reviewed and considered for acceptability under the program. Reported savings over the past 10 years in this program are $214 million. With our program enhancements, this number should continue to grow.

5. Each VAMC should solicit and award annual indefinite quantity requirements contracts with local vendors/distributors.

This contractor recommendation is a basic policy from the Federal Acquisition Regulation that recommends the use of annual contracts to achieve small purchasing efficiency. We are emphasizing the requirement to better utilize our resources. Yet, we point out, that we encourage the use of two or more medical centers develop these types of contracts, so that we can continue to reduce local procurements as defined in Public Law 100-322.

6. Where two or more VAMCs are located in the same city or in close proximity, they should consolidate requirements and purchase as a buying group, using indefinite quantity requirements contracts.

This effort has been underway since 1985. The Medical District Consolidated Procurement Program has grown significantly in the past four years and has resulted in cost savings to our health care facilities. In FY 1988, medical centers reported over $5.2 million in cost savings. Our new automation system, ISMS, will provide a systematic method for significantly enhancing the benefits of this program.

7. The VAMCs should reduce their dependence on FSS by employing preaward, indefinite quantity requirements contracts in each VAMC local area and by increasing their use of the National Contracts Program.

The VA has actively pursued specific refinements of the FSS program. Specific areas of improvement have been tiered pricing for quantity discounts and better requote procedures for contract requirements exceeding the maximum ordering limitation. National contracts also have been employed that have reduced dependence on FSS Contracts. We recently awarded a contract which has the potential cost savings of $75 million during the 5 year period. This effort has paved the way for additional contracts of this type and should result in further cost savings.

8. Amend VAAR 808.001 to improve the cost effectiveness of local purchasing.

The VA endorses this recommendation. The May 16, 1986, VAAR change authorized each purchasing activity to use local sources for identical items offered on FSS, when the delivered price is lower.

9. All purchasing responsibilities within VAMCs should be centralized in the supply services organization.

The OA&MM implemented its the Contracting Officer Certification Program in 1987. The object of the program is to establish clear lines of contracting authority within the Department. Additionally, it established the uniform system for the selection, appointment and termination of contracting officers, identified minimum qualifications standards for their appointment, promoted professionalism of the work force, and emphasized procurement integrity.

The VA should strengthen the market analysis capabilities of the Marketing Center and its ability to monitor and report on current item prices by:

10. establishing a staff of price analysts dedicated to supply market analysis;

11. designating senior supply offices in each VA region and making them responsible for monitoring market prices; and

12. authorizing these designated supply officers to officially apply for membership in a major group purchasing organization to collect primary pricing information.

In February, 1987 a price analyst was hired at Marketing Center with responsibility for nationwide price monitoring.

VA Medical Districts have pooled their resources in developing aggregated contract requirements, as well as monitoring market prices. However, it was felt that a more centralized approach in the collection of pricing information would be beneficial. Therefore, we have developed capabilities in our automation systems to collect aggregated requirements and market prices in geographic areas, as well as on a national basis. These capabilities will assist us in making greater cost-efficient buying decisions. Additionally, an Agency circular, issued January 19, 1988, authorized field station contracting personnel to join buying groups for the purpose of gathering pricing information.

13. The VA should permit its medical centers to purchase through group purchasing organizations when item prices are more economical than from another source.

Guidance was provided to medical centers entering into contracts with buying groups, cautioning them of possible conflict with The Walsh-Healy and The Competition In Contracting Acts. Our new automated system, ISMS, will give the VA the capability of being one of the world's largest health care product buying groups.

14. The VA should plan, implement, and supervise, a national program to standardize the medical supplies and pharmaceutical items used in VAMCs.

The VA Medical Supply Standardization Program was implemented September 1987. Subsequently, Public Law 100-322 mandated that a standardization program be in place by September 1989. As a result of our proactive approach, we had the program in place 2 years before Congress mandated it.

15. The VA should proceed with the conversion of LOG I from a batch processing system to an on-line environment.

16. The VA should convert the LOG I system from a transaction-oriented process to a data base structure.

17. The VA should expand the linkages and communications among automated systems.

18. The VA should incorporate the phased development alternative.

The LOG I System is being replaced by the ISMS. The new system will provide the Department with such an on-line data base environment. It will interface with VA and other Government agencies' systems. With a contract award expected in September 1989, we anticipate that the system will be fully operational by the end of FY 1993. A more detailed description of the systems' designed capabilities is discussed in the foregoing testimony and throughout this status update.

19. The VA should centralize its control of the transportation function.

20. The VA should reinstate the position of Manager of Transportation.

21. The VA should manage the inbound transportation function of its depot system.

22. The VA should use "voluntary competitive bid tenders" in selected traffic areas in its management of the outbound transportation function of the depot system.

A Traffic Manager was selected and reported for duty in January 1987. The responsibility of this position is to direct the traffic management program, including development of software and most advantageous shipping, inbound and outbound shipments scheduling and reducing transportation costs. An automated report, which was recently developed, is being used to identify commodities received at the depots that are prime candidates for the inbound freight routing control program. A competitive bid solicitation to include shipments to all medical centers in New England was issued during August 1987. However, offers received were not competitive with current rates. The potential benefits to be derived from this recommendation were not significant enough to warrant devotion of resources to further study its development.

23. The VA should institute an order processing surcharge of 3.5 percent of the value of all supplies purchased by OGAs.

On October 16, 1986, the Administrator approved a surcharge of 3.5 percent for OGAs. The OGAs were given written notification and the surcharge was implemented on April 1, 1987.

24. The VA should establish a policy of measuring storage capacity in terms of cubic measurements.

The policy of measuring storage capacity in terms of cubic measurements has been adopted and implemented with completion of the A-76 cost comparisons at the 3 depots. The VA won all 3 competitions.

25. The current once-a-month shipments from depots to VAMCs is cost effective and should not be changed.

This program is ongoing. However, we constantly review our systems to ensure that they are as efficient as possible. In that vein, we offer the option of more frequent deliveries to our customers.

26. The inspection function for all supplies appears to be cost effective and should be continued.

This program is ongoing. However, we will continue to assess its effectiveness and take appropriate actions to ensure its efficiency.

27. The VA should establish goals, in terms of days of inventory on hand, to reduce depot inventories on an annual basis.

The inventory at the depots at the end of December 1986 was $58 million representing 62.7 days stock on hand. As of the middle of July 1989, the inventory at the depots was $52.8 million representing 53 days stock on hand. We continue to monitor the inventory level on an ongoing basis, and our new automation system will enhance our ability to manage these important program indicators and goals.

28. The VA should increase the number of supply items managed within the VA depot distribution system. Priority should be given to items from the pharmaceutical and medical/surgical commodity groups.

In February 1987, there were 1,552 line items in the depot system. Currently, there are 2,134 line items in the depots. We are continually reviewing candidates for cost-effective distribution in our depot system, along with other cost-efficient contractual approaches which would allow us to maximize our inventory investment decisions.

29. The VA should consider lowering the unit price savings criteria for adding new items to the depot inventories.

This recommendation was implemented on September 18, 1986. However, as with recommendation 28, we are not limiting our logistics decisions to depot inventories. Rather, we will provide the best possible service to our customers at the best possible prices. These goals may be a combination of distribution systems, such as the depot, direct vendor delivery, and other cost-effective contractual arrangements which will ultimately reduce costly local purchases. Together, these supply sources will result in overall effective service and translate into more dollars available for the care of our veterans.

RESPONSES TO QUESTIONS BY CHAIRMAN CRANSTON
TO
DAVID E. LEWIS
DURING THE
CONFIRMATION HEARING
NOVEMBER 9, 1989

Question 1: In response to pre-hearing Question 1 regarding the organizational table for the Assistant Secretary for Acquisition and Facilities you identify a raft of titles such as "Prinicpal Deputy Assistant Secretary", "Associate Deputy Assistant Secretary", and "Deputy Deputy Assistant Secretary".

A. Aren't these titles a bit confusing in terms of the relative rank they hold?

Yes, I'm sure they are. Because I've been close to the situation I've understood the responsibilities, but the titles are confusing.

B. Would you please review these titles once again and determine if there is any way they might be simplified?

I will review the titles of all positions under the Assistant Secretary for Acquisition and Facilities relative to the rank they hold. When and if the current vacant position of Deputy to the Deputy Assistant Secretary for Facilities is filled, you have my assurance that the title will be simplified to Deputy Director, Office of Facilities which is consistent with other government agencies' nomenclature. The positions of Associate Deputy Assistant Secretary, within the Office of Acquisition and Materiel Management, are recently established positions. I will review these positions and will simplify the titles. The organizational table will then consist of the Assistant Secretary for Acquisition and Facilities, the Principal Deputy Assistant Secretary for Acquisition and Facilities, a Deputy Assistant Secretary for Facilities and a Deputy Assistant Secretary for Acquisition and Materiel Management with various subordinate directors. The title for the Principal Deputy Assistant Secretary will be retained to indicate the distinction between this position and the two Deputy Assistant Secretary positions which report to the Principal Deputy Assistant Secretary.

Question 2: In response to pre-hearing Question 6 you state that -- in regard to additional improvements in VA's acquisition and supply policies and practices -- you have some areas which you feel are candidates for improvement, particularly in the area of inventory management. When you develop your plans for improvements in this area, would you please share them with the committee?

Yes, I would be pleased to.

Question 3: Over the past several years, I have expressed some concerns about the facility development plan process -- particularly in regard to the volumes of documents and mounds of data it produces, and how such individual plans are integrated into national long-range construction planning. Would you please review what appears to be a proliferation of paper and volumes of copies associated with FDPs and get back to me with your views on this?

I will review the FDP process and provide my views to the Committee.

Question 4: In a number of pre-hearing questions, including Questions 8, 9, 10, 13, and 16, I found very encouraging your statements that you are reviewing various policy and management issues with an eye toward proposing changes.

Assuming your confirmation, as you make determinations in these matters, would you please inform the Committee of your plans, specifically in regard to (A) the results of the work of the study group established to expand a concept known as "Prime Vendor" to include items presently procured through Federal Supply Schedule contracts, (B) your FY 1990 Goal and FY 1989's record for increasing the participation of veteran-owned businesses in VA's procurement process, (C) the use of capital leases with a purchase arrangement at lease termination in future facility planning , (D) changes to the construction prioritization methodology (including whether seismic deficiency correction projects currently receive sufficient priority in that methodology), and (E) efforts to improve consolidation of procurement programs for medical items?

Yes, I will advise the Committee as soon as determinations are made.

Question 5: In regard to construction change orders, you indicate in your response to pre-hearing question 18 that "there has to come a time when the answer is no" to change orders, and that you will propose that all future client requested changes in excess of $50,000 must be approved at the Assistant Secretary level? Does this mean that you personally will review all such proposed change orders?

In the hearing, I responded that I would personally review these changes. I would like to modify that answer by saying that if I am present in the office on the day the change request comes up for approval, I will personally review it. However, in the event that I am absent from the office, I will delegate that review responsibility to the Principal Deputy Assistant Secretary. The reason for this is that I have committed to a 24-hour turnaround in order to prevent another bureaucratic step from slowing down the program.

Question 6: In your response to my pre-hearing question relating to VA funding needs associated with the October 17 San Francisco Bay Area earthquake, you indicated that efforts are already underway within the Department to find new financing approaches that might help expedite the restoration and replacement of damaged VA facilities in Northern California.

You further stated your view that both seismically damaged and seismically deficient structures should receive high priority and that emergencies such as the California Earthquake warrant "innovative approaches" and "novel methods of financing" in connection with taking necessary corrective actions.

I want to express my personal qratitude for your responsiveness -- in connection with addressing the VA's short-and long-term earthquake relief and seismic correction needs in Northern California.

Thank you, Mr. Chairman.

Question 7: At this point, we will print in the hearing record the October 19 letter I sent to Secretary Derwinski with Senator Mikulski and the Secretary's November 7 response and the November 1 letter that I sent to the President with Chairman Montgomery and our two ranking minority members as well as Senator Thurmond and representatives Edwards and Patterson. I want to thank you for expediting Secretary Derwinski's November 7 response on the matter of VA's requested funds in connection with the recently enacted emergency earthquake relief bill.

A. David, could you confirm for me now that VA has requested of OMB $61.2 million in emergency funds for the President to transfer to VA for earthquake damage and to offset seismic risk at the Palo Alto VAMC and other bay area facilities?

Yes, that is correct.

B. It is my understanding that within the $61.2 million is $3 million for seismic correction to Building 5 at Palo Alto and that this figure may increase to $6 million. Is that correct?

That is correct.

C. I further understand that the $61.2 million request includes $20 million for emergency design funding for major construction at Palo Alto and $2 million for other design work there?

Also, correct.

D (i). Am I also correct that although the $61.2 million does not include $15 million in design funds for the seismic correction and clinical improvement projects at the Martinez VAMC, VA will request such funding for these projects according to the previously established construction schedule?

Yes, that is correct. Advance Planning is currently underway for the Martinez project. It will be completed in the Summer of 1990.

D (ii). I take it based on your to Senator Mikulski and me this would mean FY 91 design funding?

That is our intention.

D (iii). [If he equivocates, push him hard on how important this is - - Martinez would likely have collapsed if the epicenter had been closer.] This project has been pending for years and, as Senator Mikulski and I said in our recent letter to Secretary Derwinski, had the earthquake epicenter occurred closer to the Martinez VAMC, the results could have been devastating. We really must get this project into design in FY 1991.

Answered D (ii) above.

E. David, I cannot stress strongly enough the importance I attach to VA getting the requested $61.2 million in disaster-relief aid and proceeding with the Martinez projects as soon as possible. When Secretary Derwinski visits the Palo Alto VAMC next Monday, the staff of the VAMC and Stanford University Medical School will have a great interest in his message. Please convey to the Secretary my thanks and those of my constituents for all of his support in this matter thus far and my strong conviction that next Monday he needs to send a very clear signal to the Palo Alto staff, and the veterans they serve, that the U.S. Government is committed to taking the steps needed now to avoid disaster in the future and to restoring the full capacity of that facility through permanent construction. Would you please do that?

I believe that is the Secretary's intention.

Finally, as chief advisor to the Secretary on these matters, I would very much appreciate your continued strong personal efforts toward achieving these results, and would ask that you keep me fully and closely informed on your efforts.

My personal efforts are and will continue to be directed toward achieving these results.

PROSTHETIC DISTRIBUTION CENTER

Question 1: Your response to pre-hearing Question No. 19A states that the Prosthetic Distribution Center must be viewed as a retail rather than a wholesale or depot operation because the P.D.C. deals one-on-one with the veteran.

A. It is the committee's understanding that the P.D.C. supplies directly to various VAMC's in bulk, and not directly to veterans, items from 2 commodity groups -- aids for the blind and flexible orthoses and elastic hose. This aspect seems to be more of a depot operation than a retail activity, don't you think?

Not really because the majority of services are provided directly to veterans. The percentage of transactions involved with each of the areas is:

	VETERANS	FACILITIES
AIDS FOR THE LEGALLY BLIND	90%	10%
FLEXIBLE ORTHOSES	74%	26%
ELASTIC HOSIERY	42%	58%

Even though these functions are a very important part of the PDC's responsibility, they represent only a small percentage (4%) of the overall PDC transactions.

B. To the extent that the PDC operates as a depot in supplying the medical centers with these prosthetic items, what are the economic or other advantages of doing so as opposed to supplying the VAMC's with these items through the VA Supply Depot System?

The majority of the transactions with the individual veterans are more economically consolidated at the PDC through their automation system. VA would encounter increased ordering and carrying costs if duplicate items were added to the three depots' inventories. In addition, the Audiology and Speech Pathology Service, and the Blind Rehabilitiation Service would have to coordinate with more than one providing source. Centralized support from the PDC to both individual veterans and VAMC's greatly simplifies the supply and fiscal procedures.

Probably more importantly, there is no economic advantage, other than a small rent savings, in moving prosthetic item supply to the depots because contracting is done for the depots by the Marketing Center which also contracts for PDC. PDC is therefore really nothing more than an another depot which primarily supplies retail as opposed to wholesale customers - a highly specialized service.

C. It is my understanding that the PDC supplies medical centers with only about 19 percent of the aids for the blind and 55 percent of the braces furnished to veterans throughout the VA system. The remainder of the items in these two groups is purchased commercially by individual medical centers. What is the reason that the PDC supplies such a low percentage of these two item groups?

We will review the figures and work with the VHS&RA elements involved to survey and determine if additional items should be stocked and distributed through the PDC.

D. I also understand that over the past ten years the Prosthetics and Sensory Aids Service has not requested the addition of any items to PDC's inventory. I would think that consultation with the experts in the Service would be necessary for the PDC to maintain an inventory that is continually updated to meet the needs of the Prosthetics users and the medical centers. What VA networks exist, if any, for notifying the PDC of what items to stock?

While the types of items provided by the PDC remain constant, the hearing aid inventory is reviewed and updated annually with Audiology and Speech Pathology Service (ASPS) to remain abreast of current technology. Also, the PDC carries every type and size of stump sock available from all five U.S. manufacturers and adds new socks as they become available on the market. The PDC works in close consultation with three distinct medical care disciplines of Audiology and Speech Pathology Service (ASPS), Prosthetic and Sensory Aids Service (PSAS), and Blind Rehabilitation Service (BRS). Ninety-one percent of PDC transactions in FY 89 involved ASPS while eight percent involved PSAS and one percent involved BRS. Therefore, we have had consultations but apparently no requirement for additional items has been expressed.

Question 2: Where there is a Prosthetic and Sensory Aids Service at a medical center, that Service appears to have a nearly unlimited procurement authority.

Pursuant to VA Acquisition Regulation (VAAR) 801.670-6, Prosthetic personnel at VA medical centers may issue orders for open market prosthetic items not in excess of $300 per transaction. Transactions above this threshold are processed through the medical center Acquisition and Materiel Management Service.

A. Is there any requirement that the local purchases by these Prosthetic Services be routinely reviewed by the medical center Supply Service or some other entity to guard against fraud, waste or abuse occurring?

There is no current requirement that the medical center Acquisition and Materiel Management Service provide such a review. Such oversight is the responsibility of medical center director pursuant to OMB Circular A-123, Internal Controls.

B. Would you look into whether such a requirement would be worthwhile and report back to us?

Yes, I will.

Question 3: Preliminary information from VHS&RA Region 4 shows that medical centers within that region have been individually purchasing certain prosthetic items commercially and paying vastly different prices for the very same items.

A. Please comment on that situation and describe what steps you would take, if confirmed, to preclude such a situation from continuing anywhere in the VA system.

We are currently constrained by a lack of procurement automation, particularly for small dollar items such as those transactions for medical center prosthetic appliances and services. Fortunately, the new Integrated Supply Management System (ISMS) is expected to provide the level of sophisticated automation to allow us to verify prices at other medical centers and to identify commonly used items so we can geographically consolidate our procurement actions. Once ISMS is up and running we will use its capability to preclude such situations from continuing. This could of course be done manually at great cost now, but is such an effort the best use of resources?

Question 4: In what situations do you think that medical centers within a given area should consolidate their commercial prosthetics purchases and, in what situations is individual VAMC commercial purchasing desirable?

Generally, commonly used supplies and services should be consolidated whenever possible. Such consolidation promotes standardization, reduces administrative costs and results in better pricing. However, there will always be circumstances in which consolidation of requirements is neither practical nor desirable. The need for a prosthetics appliance repair vendor close to the medical center generally requires a local contract. In addition, circumstances may require a close and immediate contract relationship with a local contractor to furnish prosthetic items for unplanned emergency needs. Consolidation, either on the national or regional level, should be pursued where the economies warrant and when sound medical care delivery is not compromised.

United States Senate

WASHINGTON, D.C. 20510

October 19, 1989

Honorable Edward J. Derwinski
Secretary of Veterans Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Ed,

As the chairpersons of the Committee on Veterans Affairs and the Subcommittee on VA, HUD, and Independent Agencies of the Appropriations Committee, we are very grateful, as we're sure you also are, that no VA employees or patients were injured in Tuesday's devastating earthquake and that, except for the Palo Alto VA Medical Center, VA medical facilities in the Bay area suffered only minor damage.

We congratulate the Department, your many highly dedicated employees in the Bay area, and the many volunteers, on the emergency response to the very serious situation that the earthquake created at the Palo Alto facilities. We have heard only very favorable reports about the most effective and orderly evacuation of 150 acute medical and surgical patients from building 1 and 100 chronic and acute psychiatric patients from building 5 at that Center. Although complete information is not yet available regarding the extent of damage there, it appears that the damage is such that building 1 cannot readily be made seismically safe for patient occupancy or otherwise, and that building 5 may be equally unsafe. In both cases, equipment damage is reportedly extensive.

As you know, Senator Cranston has advocated and pursued since 1985 the need to accelerate both the Palo Alto VAMC seismic correction and bed addition project (CMIS 640-042) and the Martinez VAMC seismic correction project (CMIS 612-050). Nevertheless, there has continued to be most unfortunate slippage in these projects which are now not scheduled to be completed until November and December 1993, respectively.

Recently, Senator Cranston raised the urgency of these projects with then-Administrator Turnage in the attached June 9, 1987, letter to him as well as at the Committee's March 4, 1988, hearing on VA's FY 1989 budget (hearing record excerpt enclosed). This step was preceded by a pre-hearing meeting between Senator Cranston, Administrator Turnage, Chief Medical Director Dr. John Gronvall, and Committee Chief Counsel Jonathan Steinberg, in which Senator Cranston strongly stressed the importance of removing certain bottlenecks associated with both projects. Senator Cranston again stressed the importance of these projects with then-Associate Deputy Administrator for Logistics Susan Livingstone at the Committee's March 6, 1989, hearing on VA's FY 1990 budget (transcript excerpt enclosed).

As important as these two Bay area seismic correction projects have been up to now, we believe that Tuesday's tragic events require that they be considered to have an even higher priority. We understand that had an earthquake of this magnitude occurred closer to the Martinez VAMC, the results could have been devastating.

Hence, we urge that these projects, as well as the Palo Alto seismic/patient privacy correction project for building 2 (CMIS 640-130), which is not due to be completed until November 1994, now be accorded by you the very highest priority for funding and immediate action. We believe it is essential that you now give the highest priority to funding for these projects at the earliest possible time, with a firm commitment to fund them no later than FY 1991. We also urge that you propose any reprogramming of funds that could accomplish design work or site preparation in FY 1990 in order to facilitate actual construction on these projects at the earliest possible date. Finally, we ask that, within 30 days, you submit to our Committee and Subcommittee a report on the status of these three projects which include major seismic correction components, as well as any changes necessitated by the earthquake damage, and your plans for expediting action on them.

We ask that this report also include a description of the short- and long-term plans for caring for the 250 patients evacuated at the Palo Alto VAMC.

Although we understand that damage at other VA facilities in the Bay area was minor, we ask that your report include a full assessment of the effects of the earthquake on those facilities and of any seismic corrections which may be necessary at any of them.

It also appears that the earthquake will result in substantial additional operating costs -- which may be in the range of $15-$25 million — for the Palo Alto VAMC and other VA medical facilities throughout the Bay area. We urge that appropriate adjustments be made in the FY 1990 and 1991 resource allocations to enable the affected facilities to bear those costs so as to ensure the maintenance of services to veterans in Northern California and that any supplemental funding necessary for this purpose be requested expeditiously. Please advise us within a week of the actions you plan to take in this regard.

Finally, we also ask that, within 60 days, you report back to us on your evaluation of all other seismic-safety projects throughout VA's health-care system from the standpoint of ensuring that they are being afforded the very high priority that Tuesday's tragic events make clear they require.

Ed, your urgent attention to this letter and the recommendations and requests we have made in it would be greatly appreciated.

With warm regards,

Alan

Alan Cranston, Chairman
Committee on Veterans' Affairs

Cordially,

Barbara A Mikulski

Barbara A. Mikulski, Chair
VA, HUD, and Independent Agencies
Subcommittee
Committee on Appropriations

Enclosures

cc: Dr. John Gronvall

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

NOV 7 1989

Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Thank you for your letter of October 19, 1989 concerning emergency response of the Department of Veterans Affairs (VA) to the devastating earthquake of October 17, 1989, in California. As you point out, the budget needs for operational costs for Palo Alto VA Medical Center and the other VA medical facilities in the San Francisco Bay Area and the need to reassess seismic correction projects for these facilities are of vital concern.

I am able to provide the data relative to operational costs for VAMC Palo Alto and our other VA medical facilities in the Bay Area. More comprehensive data will be provided in the 30 day report and 60 day report.

A preliminary figure of $61,200,000 for earthquake damage and to offset seismic risk at VAMC Palo Alto, and other Bay Area facilities has been determined. I would like to emphasize that this is still a preliminary figure and will probably be adjusted upward as assessment of the damage and future construction costs are better defined.

The impact of this disaster on the VA Budget is serious. More than $15 million in additional medical care funds are needed for earthquake related operational expenses and damages. This amount has been requested from the Office of Mangement and Budget in connection with the recently enacted Emergency Earthquake Relief Bill. Design funds for the seismic improvements project at VAMC Martinez totaling $15 million are being requested according to the previously established construction schedule.

Your concern and continued support are most appreciated as we work together to meet these challenges. A similar response has been sent to Senator Barbara A. Mikulski.

Sincerely yours,

Edward J. Derwinski
Secretary

Congress of the United States
Washington, D.C. 20510

November 1, 1989

Honorable George Bush
The White House
Washington, D.C. 20500

Dear Mr. President,

We are writing in regard to an urgent matter associated with H. J. Res. 423, the Second Continuing Resolution for Fiscal Year 1990, which we greatly appreciated your signing into law last Thursday, October 26, 1989.

To help ameliorate the destruction and human suffering wrought by the Loma Prieta earthquake in Northern California and Hurricane Hugo on the East Coast, this legislation provided a $2.85-billion appropriation for disaster-relief activities, which includes an appropriation of $250 million in emergency funds you may transfer "to any authorized Federal governmental activity to meet the requirements of the natural disasters." We believe that the needs of the Department of Veterans Affairs for funding primarily for its medical facilities to be able to provide health-care services in the affected areas deserve a high priority in the utilization of those discretionary funds.

Thus, we strongly urge that you transfer $83.3 million to the Department for the following urgent needs associated with these natural disasters:

o $15.6 million for current medical care operating expenses -- primarily for replacement of badly damaged equipment and support of the transfer of 150 acute medical and surgical patients and accompanying staff evacuated from the Palo Alto, California, VA Medical Center (VAMC) on the evening of October 17.

o $56 million to meet emergency construction needs -- primarily (a) $15 million for emergency construction of 90,000 square feet of modular buildings at the Palo Alto VAMC to replace wings of the main hospital building that have been irreparably damaged and $1 million for replacement of a now-inaccessible elevator; (b) $3 million to meet immediate seismic safety needs in the long-term psychiatric care building; and (c) $37 million for other earthquake-related repairs and bracing at the Palo Alto VAMC and to begin long-delayed construction projects to correct seismic deficiencies and make other improvements at the Palo Alto and Martinez, California, VAMCs.

o $600,000 for the San Francisco Regional Office benefits operations -- primarily for overtime staffing expenses associated with (a) providing VA services at 12 Disaster Assistance Centers in the Bay area and other nearby locations, and (b) expedited automated data (TARGET) processing of loan guaranty claims by the Austin and Hines Data Processing Centers.

o $3.2 million for Hurricane Hugo-related damage at the Charleston, South Carolina, VAMC and related disaster-relief expenses -- primarily (a) $2.6 million in construction costs at the Charleston VAMC, and (b) $564,407 for current medical care operating expenses at the Charleston and Columbia, South Carolina, and the Augusta and Dublin, Georgia, VAMCs.

o $3.7 million for Hurricane Hugo-related damage and expenses at the San Juan, Puerto Rico, VAMC -- primarily (a) $900,000 in construction costs for interior and exterior building damage resulting from flooding, roof damage, and breakage, and other storm-related damage, (b) $1.4 million to replace medical equipment, furnishings, and supplies, and for personnel costs and incidental expenses, and (c) $1.4 million to repair various non-structural damage.

o $233,000 to repair various damage at the Puerto Rico, Florence, South Carolina, and Salisbury, North Carolina, National Cemeteries.

o $4 million for damage at the San Francisco and Golden Gate National Cemeteries — primarily for repairs to (a) road surfaces and numerous out-of-alignment headstones, and (b) various administrative and maintenance buildings.

We are deeply grateful that you so promptly visited the areas of both these disasters and have expressed your commitment that the Federal Government respond as quickly and as effectively as possible to the devastation caused by these tragic events. We very much need your assistance to ensure that the Department of Veterans Affairs receives the funds essential to restore adequate health-care services, repair damaged facilities, and make needed seismic corrections.

With best wishes,

Sincerely,

Alan Cranston
Alan Cranston
Chairman

Frank H. Murkowski
Frank H. Murkowski
Ranking Minority Member

Strom Thurmond
Strom Thurmond
Member

Committee on Veterans' Affairs
United States Senate

Sonny Montgomery
G. V. "Sonny" Montgomery
Chairman

Bob Stump
Ranking Minority Member

Don Edwards
Don Edwards
Ranking Democratic Member

Elizabeth J. Patterson
Member

Committee on Veterans' Affairs
United States House of Representatives

December 22, 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Thank you for your support during my confirmation hearing. I fully appreciate the challenges ahead and look forward with confidence to the opportunity to enhance service to veterans.

The most cost-effective way to deliver efficient service by the Prosthetics Distribution Center (PDC) has been a high-priority item since my visit to Denver in October and since you raised your questions about the facility. I have had a lengthy joint session with the Director of the Prosthetic and Sensory Aids Service and with senior members of the Office of Acquisition and Materiel Management staff in an effort to find ways to provide better service to prosthetic clients.

In answer to your first question, the percentage of individual prosthetic items--not transactions--supplied directly to veterans and to facilities for each of the areas was, in Fiscal Year 1989, as follows:

	VETERANS	FACILITIES
Aids for the Legally Blind	46 percent	54 percent
Flexible Orthoses	20 percent	80 percent
Elastic Hosiery	13 percent	87 percent

It is important to note these commodities represent only 1.5 percent of the total units processed by the PDC in Fiscal Year 1989. To put PDC in proper perspective, it might be sounder to retitle it "Audiology Service Center" since hearing aids represent 98.5 percent of items processed. The enclosed chart, categorized by commodity and type of disability, provides a complete overview of the items supplied directly to veterans compared to shipments to Veterans Affairs facilities. Eighty-six percent of all PDC items are mailed directly to veterans, while 14 percent are sent to VA facilities.

VA supply depots do make regular, monthly shipments to VA medical centers. Addition of items for the blind, flexible orthoses and elastic hosiery to those shipments would, as you suggest, represent a negligible increase in shipping costs, although other factors must be considered.

As the PDC ships on an as-requested basis versus a monthly basis from the depots, medical centers would require significantly more inventory than currently necessary. Shipment on a monthly basis requires up to a 60-day lead time: a 30-day requirements determination cycle, and a 30-day shipment cycle.

2.

The Honorable Alan Cranston

Of the total Fiscal Year 1990 estimated mailing costs, about 60,000 items, or 1.5 percent, involved these three categories. Also, aids for the legally blind are mailed at no cost to VA. Therefore, savings in PDC mailing costs would be negligible.

Additionally, there still would have to be a direct mailing system to the veteran either by the depot or the medical center. This is labor intensive, and the depots are not currently structured to provide retail shipments. The small savings in mailing costs would be vastly offset by the need for additional personnel and expertise at the depots.

Although the current arrangement appears efficient and cost effective, we plan to conduct a management review of all PDC functions this fiscal year. In the process of such review, we will further evaluate storage and distribution of all PDC commodities. Appropriate improvements will be carefully assessed and promptly implemented. I will advise you of the results of the review and our plans to effect its recommendations.

If we can better serve the veteran by transferring responsibility for the service elsewhere, we will do so. We have no proprietary interest in keeping the PDC or its successor, if there is one, under the umbrella of the Office of Acquisition and Materiel Management. We have conveyed this conviction to the Prosthetic and Sensory Aids Service.

Lastly, in response to your well-founded concern about monitoring of procurement activity of prosthetics personnel, we have coordinated with VA Central Office prosthetic program officials and have agreed to include prosthetic personnel at VA medical centers in the Contracting Officer Certification Program (COCP). The COCP will mandate that prosthetic personnel secure procurement training before they are certified to conduct open-market purchases. The Chief of Acquisition and Materiel Management at each medical center will be responsible for the certification of prosthetic personnel and will monitor all procurements to prevent fraud, waste or abuse. // Good

Again, thank you for your support and the support of the Committee during the recent hearing. I look forward to working with you to improve our service to veterans.

Sincerely yours,

David F. Lewis
Assistant Secretary for
Acquisition and Facilities

Enclosure

ITEMS ISSUED FROM PROSTHETIC DISTRIBUTION CENTER
FISCAL YEAR 1989

This chart depicts the number and percentage of individual units by commodity issued directly to the veteran as compared to the number shipped to VA facilities.

		# Direct Facility for Stock	# Direct to Vet Required by Vet	# Direct to Vet Required by Facility	# Direct to Facility by Mfgr. for fitting to Vet	Total
BLIND VETERANS	ITEMS....	3,258 (54%)	-0-	2,806 (46%)	-0-	6,064
	REPAIRS..	-0-	-0-	439 (100%)	-0-	439
	SUBTOTAL	3,258 (50%)	-0-	3,245 (50%)	-0-	6,503
ORTHOPEDIC/ VASCULARLY IMPAIRED VETERANS	FLEXIBLE ORTHOSES..	18,489 (80%)	-0-	4,660 (20%)	-0-	23,149
	ELASTIC HOSE.....	27,977 (87%)	-0-	4,345 (13%)	-0-	32,322
	SUBTOTAL	46,466 (84%)	-0-	9,005 (16%)	-0-	55,471
AMPUTEE VETERANS	STUMP SOCKS....	15,000 (10%)	116,503 (74%)	24,930 (16%)	-0-	156,433
HEARING IMPAIRED VETERANS	STOCK AIDS.....	11,237 (100%)	-0-	-0-	-0-	11,237
	CUSTOM AIDS.....	-0-	-0-	-0-	50,100 (100%)	50,100
	LOANER AIDS.....	239 (59%)	167 (41%)	-0-	-0-	406
	BATTERIES.	492,219 (13%)	3,302,625 (86%)	31,334 (1%)	-0-	3,826,178
	HEARING AID ACCESS-ORIES.....	5,443 (59%)	3,811 (41%)	-0-	-0-	9,254
	COMMERCIAL REPAIR....	-0-	28,994 (100%)	-0-	-0-	28,994
	PDC REPAIR....	-0-	12,510 (100%)	-0-	-0-	12,310
	SUBTOTAL	509,138 (13%)	3,348,107 (85%)	31,334 (1%)	50,100 (1%)	3,938,579
	GRAND TOTAL	573,862 (14%)	3,464,610 (83%)	68,514 (2%)	50,100 (1%)	4,157,086

STATEMENT OF
RONALD E. RAY
ASSISTANT SECRETARY-DESIGNATE
FOR HUMAN RESOURCES AND ADMINISTRATION
BEFORE
SENATE COMMITTEE ON VETERANS' AFFAIRS
NOVEMBER 9, 1989

Mr. Chairman, it is a true honor for me to appear before you and the members of this Committee as the President's designee to become VA's Assistant Secretary for Human Resources and Administration.

Much of my career and personal life has focused on military and veteran matters -- 20 years in the U.S. Army, including two tours of combat duty in Vietnam, and 4 years as President of the Congressional Medal of Honor Society. The opportunity to represent my fellow veterans at the national level and to serve in a Federal Department committed solely to the provision of veterans benefits and services would be a continuation of my chosen career and certainly its highlight.

As you know, I have served as a Special Assistant to Secretary Derwinski since May 1989. During this time, I have noted the teamwork and devotion to duty which make the veteran community what it is today. The VA community -- Congressional members and staff, service organizations, VA Presidential appointees and career staff -- is a most impressive group and one I would feel honored to be a part of.

Human resource management is an area of particular interest to me. My years of work experience have instilled in me a deep respect for the importance of an organization's employees. They are, with certainty, the key to success. As Assistant Secretary, it would be my goal to insure that all employees receive quality leadership, equal opportunity, and appropriate training, compensation and recognition. In the area of Administration, I would strive to provide a work environment conducive to high morale and productivity and to provide quality administrative services in support of program goals. While budgetary constraints will dictate boundaries, I believe there is much that can be accomplished in these vital areas, and I look forward to the challenges.

In closing, I would like to thank the VA employees who have assisted me since my appointment. They have received me with warmth, talked candidly with me about operational strengths and weaknesses and provided me the highest level of support. I am most grateful to them.

If confirmed, I offer this Committee my assurance that I will work diligently toward our common goal of quality service to our Nation's veterans.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

Name Ray (LAST) Ronald (FIRST) Eric (middle) (OTHER)

Present address 1505 Crystal Drive Apt #307 Arlington, (CITY) VA (STATE) 22202 (ZIP CODE)

Position to which nominated Assistant Secretary

Date of nomination

Date of birth 07 (DAY) 12 (MONTH) 41 (YEAR)

Place of birth Cordele, Georgia

Marital status Divorced

Full name of spouse

Names and ages of children:
Lucia F. Winklor (29)
William E. Ray (23)
Alexander V. Ray (18)

Education:

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
University of Oklahoma	72/74	MAPA	1974
Norman, Oklahoma			
University of Tampa	70/72	BS	1972
Tampa, FL			
Unadilla High School	58/59	HS	1959
Unadilla, Ga.			
Auburndale High School	55/58		
Auburndale, FL			

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement

Medal of Honor, Silver Star, Bronze Star, Purple Heart,
Army Commendation Medal, White House Fellow (74/75)
Omicron Delta Kappa

Memberships

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last five years and any other prior memberships or offices you consider relevant

Organization	Office held (if any)	Dates
Congressional Medal of		
Honor Society	President	5/70-4/89
American Legion, Post #1		current
Military Order of the	State Legislative	
Purple Heart, Chapter 400	Officer	current

Employment record

List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment

1982-89 President - Ronald E. Ray, Inc. Winter Haven, FL

1980-82 Salesman - Golden Sands Realty Auburndale, FL

Military service

List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge

See Attached Sheet

Continued from page 2.

List below all military service (including reserve compoments and National Guard or Air Matinal Guard), with inclusive dates of service, rank, prrmanent duty stations and units of assignment, titles, descriptions of assignments, and typw of discharge.

DATES	DESCRIPTION of MILITARY SERVICE	LOCATION
1976-80	Commander 1st BN 7th S.F.G.P. U.S. Army	Fort Bragg, N.C.
1975-76	Student USA Command & General Staff Col.	Ft. Leavenworth, KS
1974-75	Special Asst. U.S. Sec. of Commerce White House Fellow	Washington. DC
1972-74	Operation Officer HQ US EUCOM (J3) SOCEUR	Stuttgart, West Germany
7/70-6/72	Student - University of Tampa	Tampa, FL
1969-70	Student U.S. Army Infantry Center	Ft. Benning, GA
6/69-9/69	Operation Officer HQ IFFV	San Francisco, CA
4/69-6/69	Operation Officer HQ 173rd ABN BDE	
6/68-4/69	Detachment Commander USA Element USMACTHAI/JUSMAGIO.	San Francisco, CA
67-6/68	Operation Officer 46th Special Forces CO 1st SF	San Francisco, CA
6/66-10/67	Company Commander Co A Special Forces TNG Gp	Fort Bragg, NC
4/66-6/66	Platoon Leader CO B, 2nd BN 35th Infantry	San Francisco, CA
5/64-4/66	Operation Officer HHC 2/509th ABN	New York, NY
10/63-5/64	Student 52nd Officer Candidate CO, TSB	Ft. Benning, GA
2/62-10/63	Weapons Leader A CO, 17th SFGA	Ft. Bragg, NC
12/59-2/62	Communication Platoon NCO HHC 122nd Ord. BN	New York, NY

Government experience

List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments other than those listed above

NONE

Published writings

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written

NONE

Political affiliations and activities

1 List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years

I currently hold no office or position.

1988 - State Co-Chairman "Veterans for Bush"

1984 - Polk County Chairman for Reagan/Bush

1982 - Polk County Chairman for Skip Bafalis for Governor

SEE ATTACHED SHEET FOR ADDITIONAL INFORMATION.

2 List all elective public offices for which you have been a candidate and the month and year of each election involved

NONE

Continued from page 3

1. List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years.

Note: I have also worked for numerous local, county, and state republican candidates including Andy Ireland and Connie Mack.

Financial Donations:

Republican National Campaign	approx.	$300
Bafalis Campaign	approx.	$100
Connie for Senate	approx	$200
Carruthers for Governor	approx	$300
Local Polk County Candidates	approx	$200

Future employment relationships

1. Indicate whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

Yes, except agreements as stated on attached sheet.

2. State whether you have any plans after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization.

Was self employed

3. What commitments, if any, have been made to you for employment after you leave Federal service?

None

4. (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

Yes

5. (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

Yes

Potential conflicts of interest

1. Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated.

None

Attachment / Continued from Page 4

Will receive bonuses based on available net income of the corporation received from pre-arranged agreements consummated with those listed below as stated in SF 278, Page 5, Schedule C.

Eurocan Advisors, LTD.

Russell C. Hart, Inc.

Tamarind Associates and Edward J. Bergin & Company

Boe Financial Group, LTD.

3 Describe any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated

None

4 Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy

None

5 Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items (Please provide a copy of any trust or other agreements involved.)

None exists

Testifying before the Congress

1 Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

Yes

2 Do you agree to provide such information as is requested by such a committee?

Yes (see attached sheet)

Continued from page 5.

2. Do you agree to provide such information as is requested by such a committee?

Yes, consistent with the obligations imposed on all officials of the Executive Branch to uphold the Constitution and laws of the United States, including, where appropriate, the need to comply with guidance governing communications from the Executive Branch to Congress, such as 31, U.S.C., subsection 1108, OMB Circular A-11 and Executive Privilege.

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

SEP 14 1989

The Honorable Alan Cranston
Chairman
Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Ronald E. Ray, who has been nominated by President Bush to be the Assistant Secretary of Human Resources, Department of Veterans Affairs.

We have reviewed the report and have also obtained advice from the Department of Veterans Affairs concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Mr. Ray has agreed not to conduct any outside real estate business while serving at the Department. Based thereon, we believe that Mr. Ray is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q Nebeker
DFC

Frank Q. Nebeker
Director

Enclosure

PRE-HEARING QUESTIONS SUBMITTED BY SENATOR ALAN CRANSTON
TO
ASSISTANT SECRETARY-DESIGNATE FOR HUMAN RESOURCES AND ADMINISTRATION
RONALD E. RAY

1. From 1959 to 1980 you had a notable military career. Since that time, except for a brief period from 1980-1982 when you were employed as a real estate salesman, you have held the position of President of your own firm.

A. Please describe the nature of your business.

Response: Ronald E. Ray, Inc. is an investment company which serves as a vehicle for real estate brokerage and a number of other investment and development activities. In conjunction with major developers the company has actively participated in the purchase, sale and management of significant tracts of Florida citrus groves. The company, which I founded and directed, also represented over 100 individual and corporate clients concerning real estate and other investment matters.

B. If your business is not involved with labor and personnel matters, please describe what experience you have had in those areas.

Response: As my investment company employed few people, personnel and labor relations issues did not arise. However, during my 20-year military career, I had extensive responsibility for personnel matters. For example:

As Commander of a Special Forces Battalion at Ft. Bragg, I was responsible for training, planning, operations, administration, personnel management and logistics for 3 Special Forces Companies and Headquarters consisting of over 40 officers and 250 enlisted personnel.

From 1977 to 1979, as Chief Operations and Training Officer, I supervised all matters pertaining to operations and training for all Special Forces soldiers in the U.S. Army.

Because of the nature of the military, I have had no direct experience in dealing with labor relations matters. However, my education in public administration has given me insight into labor relations history and issues.

C. Please describe your experience in equal employment opportunity matters and any achievements you have made in that area.

Response: The military is noted for its efforts to provide equal employment opportunity and to deal fairly with all personnel. My 20-year military career enhanced my commitment to equal employment and provided broad experience in promoting EEO goals.

2. What, in your opinion, are the purposes and goals of the Office of Personnel and Labor Relations?

Response: The overall charge of the Office of Personnel and Labor Relations is to insure the maintenance of a qualified well trained workforce to effectively deliver veterans services. Specifically, the Office's purpose is to develop and implement an effective and dynamic personnel management program which allows VA to successfully compete for skilled employees; foster a cooperative labor-management relationship; and advance merit systems principles in employment actions. The goal of the Office is to insure that all employees receive quality leadership, adequate compensation, decent working conditions, necessary training and education, equal opportunity, and earned recognition.

3. A. What, in your opinion, are the purposes and goals of your responsibilities in the area of administration?

Response: My immediate goal is simple: To provide a quality working environment for each of the approximately 4,000 central office employees in the National Capital Region including the 2,400 employees housed in our headquarters building. As you know, our main central office building was built in 1918 and that presents certain challenges.

It would also be my responsibility to assure that printing, audio visuals, and emergency preparedness activities are being carried out efficiently and effectively and in a manner which promotes the Department's overall goals.

B. What plans do you have to improve general administration matters in VA?

Response: I have been impressed by the caliber of the workforce in the Office of Administration and with their commitment to service. My overall plan is to continue to build on that commitment to ensure that the organization provides the best service with the most effective use of available resources.

I am a believer in the use of ADP resources as a tool for efficient processing. Wherever this will help, such as in printing or audio visuals (both programs with nationwide responsibilities), we would move toward its incorporation in the program.

Perhaps the most critical area is the facilities management program. GSA has recently delegated to VA the authority to run our headquarters building which is scheduled for renovation beginning in June 1991. This Prospectus-level project, sponsored by GSA, will replace major heating, ventilating and air conditioning systems, incorporate much needed fire safety improvements, and accomplish other building repairs. We look to this project as an avenue for consolidating our central office employees into as few buildings as possible and reducing our current leasing cost.

C. What plans do you have for the function of the Designated Agency Safety and Health official, and what relationship do you foresee, in regard to this function, with VHS&RA regarding technical matters?

Response: The responsibilities I would have as the Designated Agency Safety and Health Official (DASHO) are very important to VA, and to me. VA is concerned about the safety and health of the veterans we serve, and our employees. While I believe VA has a fine safety program, there are always opportunities for improvement. I intend to make a critical review of the existing program, retain what is working well and look for ways to enhance those areas that may need to be improved. With regard to technical matters, the staff that has been working with the Deputy Chief Medical Director as the DASHO will be reassigned to the Assistant Secretary and will continue to provide the same technical expertise to the program. I would be committed to ensuring that the safety program supports the mission of the Department. I know that the Chief Medical Director shares this commitment and that VHS&RA will provide any additional technical support that may be needed. I am also confident that the CMD would work with me to ensure the continued effectiveness of the safety and health programs in VHS&RA facilities.

4. To what extent would you, if confirmed as Assistant Secretary, relate to the medical, benefits, and cemetery program officials and who, within the Office of Human Resources and Administration, would be the contact point for each of those programs for--

A. personnel and labor relations matters?
B. matters relating to administration functions?

Response: I feel strongly that those who lead the Department's human resources and administration activities must fully understand the changing needs and problems of program officials involved in direct delivery of services to veterans and must -- within the boundaries of law and regulation -- creatively tailor these activities to enhance service delivery. To this end, I would promote continuing open communication, coordination, and cooperation between organizational elements. I would expect to be a full participant in these interactions and to work closely with the Chief Medical Director, the Chief Benefits Director, and the National Cemetery System Director. I cannot, at this time, foresee a need to designate specific contact points within the Office of Human Resources and Administration for medical, benefits and cemetery program officials. I would encourage free exchange between these officials and the Deputy Assistant Secretaries who report to me. Additionally, I would actively seek and welcome opportunities for useful personal exchanges with service delivery officials.

5. Some VHS&RA managers apparently hold the view that the Office of Personnel and Labor Relations has been concerned primarily with enforcing personnel rules and regulations and is generally not in touch with the real personnel problems (especially recruitment and retention) confronting health-care administrators.

A. Have you heard of any such perception?

Response: In meetings which I have had with VHS&RA managers, none have expressed to me this view regarding the Office of Personnel and Labor Relations.

B. Assuming there is such a perception, do you believe that this perception needs to be altered and, if so, how would you plan to do that?

Response: Assuming the perception does exist, it is one which I would take concerted efforts to dispel. Staff in the Office of Personnel and Labor Relations do have a responsibility for developing and administering Departmental personnel policies and ensuring the VA personnel programs operate consistent with applicable laws and civil service rules and regulations.

These responsibilities must be carried out in a manner which supports the missions of the Department and facilitates the ability of managers to accomplish their goals. The ability of the Department to provide quality service depends on the effective management of our human resources which encompasses the ability to recruit and retain a quality workforce.

While many channels of communication exist between Central Office and the field, it may be necessary to take additional steps to ensure that managers at every level are fully aware that we are sensitive to their concerns. My staff must be perceived as a part of the solution to problems, not a part of the problem.

I have visited a number of VA facilities and plan to continue these visits to keep in touch with the issues which managers face and to convey to them personally my commitment to having a responsive human resource management system. We recently had a conference of all VHS&RA Personnel Officers at which the Secretary, the DAS for Personnel and Labor Relations and I spoke. I believe such conferences are important for broadening managers' perspectives and for focusing attention on concerns.

6. VHS&RA is experiencing a shortage of health-care professionals in many areas -- including, among others, physicians, registered nurses, and physical therapists.

A. What approaches have you considered to resolve this problem within VHS&RA?

Response: VA is currently taking a number of actions to increase its competitiveness in labor markets. I believe the overall approach is sound and will yield some positive results. Extensive use is now being made of the authority to establish special salary rates to recruit and retain certain health care professionals. Currently there are over 1,000 such special rates in effect. VA is enhancing recruitment activities locally and nationally. Attendance at conventions of health care professionals is increasing and VA's presence is being magnified by using innovative recruitment techniques and augmenting professional recruiters with VA health care professionals who can provide more comprehensive information to prospective employees. Advertising in national journals is being expanded and station-specific recruitment materials are being developed for use in local markets. A major recruitment campaign is now being developed by an advertising firm which was selected through the competitive bidding process. This campaign will seek to present the VA as a preferred health care employer. Additionally, a task force is pursuing ways of enhancing the recruitment and retention of nurses. I would expect to closely monitor these initiatives and to continue to search for other innovative approaches.

B. How do you plan to work with the newly-created VHS&RA office of Health Care Staff Development and Retention?

Response: I understand the office of Health Care Staff Development and Retention has been in existence for nearly one year at this time and it appears that its staff and that of the Office of Personnel and Labor Relations have been working cooperatively to address recruitment and retention problems. When the new office was created, it was agreed that its role and functions should be reassessed after one year of operation, and I look forward to participating in that process, and assessing any need for change.

7. S. 13, Legislation reported by the Committee that the Senate will take up in the near future, contains a provision requiring each VA health-care facility to pay nurses a wage which is competitive with the wages paid in the surrounding community. Additionally, the Secretary is required to provide local directors with certain flexibility to implement this provision.

A. What is your view of providing flexibility regarding salary matters to local health-care facility directors?

Response: I believe VA policy should provide for delegations of authority to permit directors to respond quickly to local employment conditions and maintain a competitive status in the local market.

B. Do you believe that salary decisions should be made at the local VAMC level or do you believe that such decisions should be made in Central Office?

Response: Generally, it is my opinion that salary decisions should be made at the local level, based on policy and guidelines developed at the Central Office level. This approach ensures a uniformity and consistency in how local salary information is gathered, analyzed and applied in determining the wages VA will pay. At the same time, through delegation of the decision making authority, the directors would be assured flexibility to respond to local conditions as quickly as possible.

As the agent of the Secretary, the role of Central Office is to provide a framework in which the directors can function efficiently, while ensuring compliance with the law, e.g., that VA does not become the pay leader in the community. It is also important to retain for the Secretary and the Chief Medical Director the ability to respond to any VHS&RA-wide funding exigencies that may arise.

8. I am particularly concerned about VA labor-management relations, especially in relation to title 38 employees, in the wake of the Colorado Nurses decision last year.

A. Please describe your understanding of VA's current position on collective bargaining with title 38 employees.

Response: It is my understanding that VA's current position is based upon preserving, as essential elements of quality patient care, its authority over clinical and professional matters involving Title 38 employees and preserving peer review. At the same time, as to non-clinical/professional matters, VA has continued to live up to existing labor-management agreements, including grievance/arbitration provisions in those agreements.

B. What is your view of what VA's posture should be in this regard?

Response: I believe that it is important for the Department to preserve a positive working relationship with recognized unions on matters of mutual interest concerning Title 38 employees. However, I also believe it is imperative that any program developed to accomplish this objective protect the Secretary's authority to determine and administer policies concerning the provision of direct patient care and the peer review process, including matters involving clinical or professional competence or judgment.

C. What steps, if any, do you believe should be taken to reach an accommodation with labor unions representing Title 38 employees?

Response: There have been informal contacts with unions to explore the areas of mutual interest and concern. I believe this has been helpful in the effort to develop VA's position on a labor relations program for title 38 employees. I think we should continue this dialogue with the interested parties to develop a mutually acceptable resolution to this matter.

9. The "Study of Federal Employee Locality Pay," prepared by the Wyatt Company and recently released earlier this month by the Office of Personnel Management, found that Federal government salaries have fallen so far behind the pay level offered by other employers that it is difficult if not impossible, to recruit and retain adequately qualified workers in certain occupations and certain locations. In addition, "The Federal Employment Crisis in the Greater Los Angeles Area," a December 1988 report issued by the Los Angeles Federal Executive Board, found that salary rates of Federal employees in the Los Angeles area (including VA employees) are about 37 percent below those of comparable private-sector employees in that area.

A. What is your view on (i) the findings of each of the aforementioned studies/reports, and (ii) their implications for both the Veterans Benefits Administration and the Veterans Health Services and Research Administration, if any?

Response: I believe that these studies clearly indicate a need for Federal pay reform. Federal managers need to be provided with the tools that will enable them to achieve and maintain a more competitive posture in today's employment market. This need is readily apparent in the health care provider arena. The fact that VA has over 1000 special salary rate authorizations in place, the vast majority of those for the health-related occupations, is evidence that the current Federal pay system is not competitive. While VHS&RA has felt this lack of ability to compete most acutely, other VA organizations, including VBA have also often found themselves at a distinct disadvantage in recruiting quality staff, particularly in the large metropolitan areas.

B. What is your view on whether it would be desirable for there to be statutory authorization for locality-pay differentials for Veterans Benefits Administration employees in high-cost, high-turnover areas, such as those at the Los Angeles, Chicago, New York, and Boston VA regional offices?

Response: The idea of locality-pay differentials is one that deserves strong consideration. The Director, Office of Personnel Management, has recently established an inter-agency Pay Reform Task Force to evaluate this option, as well as other alternatives to the current Federal pay system. I am pleased that VA will be participating on this task force, thus providing an avenue for our concerns to be articulated as the overall problems of Federal pay are addressed. I think it would be prudent to await the recommendations of this task force before forming a decisive opinion on the need for statutory authorization for locality-pay differentials.

10. A. What is your assessment of VA's equal opportunity program and what, if any, changes do you plan in this area?

Response: According to briefings which I have received, minorities are well represented in the VA workforce. I understand that the overall representation of Blacks and Asian Americans in VA's workforce is more than double their representation in the civilian labor force (CLF). While there are areas which have been identified for improvement, e.g., the employment of Hispanics, VA's overall record in the employment of minorities is one of success. Women, who represent 56.5 percent of VA's workforce, are found in a wide range of occupations and in managerial and executive level positions.

With respect to the employment of persons with disabilities, the disabled represented 8.51 percent of VA's permanent workforce as of September 30, 1988. Disabled veterans accounted for 4.85 percent of its permanent and temporary workforce.

VA is considered a leader in the employment of Vietnam Veterans and Disabled Veterans. During fiscal year 1988 alone, the VA hired 9,351 veterans, of whom 1,701 had service connected disabilities.

I have been advised that discrimination complaints processing is an activity which requires special attention and I will be monitoring efforts in this program.

At this time, I have formulated no specific plans for program changes.

B. Do you plan to take any special actions to promote the hiring of minorities, women, veterans, and disabled persons, and, if so, what plans do you have, organizationally and otherwise, in each of these areas?

Response: I support fully VA's affirmative employment program plans which contain a variety of activities designed to recruit and advance qualified women, minorities, veterans, and persons with disabilities. I and appropriate members of my staff will work closely with Departmental officials in accomplishing these goals.

In summary, my assessment of VA's EEO program is that it is aggressive and effective, and is yielding above average results. Nevertheless, I am committed to improving and enhancing employment opportunities for minorities, women, veterans, and persons with disabilities. I am looking forward to providing leadership in the area of equal employment opportunity and identifying new initiatives to ensure that VA continues to show progress in this important program.

ADDITIONAL PRE-HEARING QUESTIONS SUBMITTED BY SENATOR ALAN CRANSTON TO ASSISTANT SECRETARY FOR HUMAN RESOURCES AND ADMINISTRATION - DESIGNATE RONALD E. RAY

1. In response to my pre-hearing question 1C asking you to describe your experience in EEO matters, you stated that your military career "enhanced my commitment to equal employment and provided broad experience in promoting EEO goals."

A. During your military career, were you personally, or was an office in which you served, ever mentioned in an EEO complaint?

B. In your private sector activity, were you personally, or was an office in which you served, ever mentioned in an EEO complaint?

C. What specific efforts did you make in your private investment firm to promote equal opportunity goals and objectives?

RESPONSE: A. To my knowledge, neither I, nor a military office in which I served, was ever mentioned in an EEO complaint.

B. To my knowledge, neither I, nor a private office in which I served, was ever mentioned in an EEO complaint.

C. The structure of my private firm provided no opportunity for the development of an EEO program. Only one individual, a secretary, worked in my employ. A number of real estate Associates worked under my broker's license. Under Florida law, these Associates are independent contractors rather than employees.

2. In response to question 5B, you stated that if a perception exists that the Office of Personnel and Labor Relations is primarily concerned with enforcing rules and regulations rather than assisting to resolve problems identified in the field, it may be necessary to take additional steps to resolve that perception. If confirmed, would you take additional steps to ensure that personnel officers in the field and Central Office are sensitive to the needs of the field and what would some of those steps be?

RESPONSE: This is an area I intend to explore if confirmed. If I identify deficiencies related to the support personnel officials provide to field program managers, I will definitely seek remedies. The counter steps must, of course, be tailored to the specific problems. My initial thinking is that the steps listed below would be an appropriate beginning:

I would conduct a series of personal discussions with field and Central Office program managers to gain the benefit of their perspectives.

I would also encourage the top personnel officials -- the Deputy Assistant Secretary and his Associates -- to strengthen their communications with program managers with the goal of early identification and resolution of deficiencies. I would publicize the availability of these officials to any managers experiencing personnel-related difficulties.

I would seek additional ways of involving field managers in the development of personnel policies to insure that final policies support efficient, effective service delivery. I believe the Personnel Officers Advisory Council, composed of field personnel officers, might be a useful tool in this area.

In guidance to personnel staff, both written and oral, and in formal training, I would emphasize the importance of sensitivity to the needs of program managers and the structuring of personnel policies to support program goals.

3. In response to question 6B, you stated that the role and functions of the Health Care Staff Development and Retention Office is due to be reassessed after one year and that you look forward to participating in that process.

A. What measurable outcomes have been developed to determine the effectiveness of that program?

B. What process will be utilized to determine whether those outcomes have been accomplished?

RESPONSE: A. In April 1989, the Chief Medical Director approved an Action Plan which outlines a wide range of actions which the Department should take to address the difficulties VHS&RA is experiencing in recruiting and retaining health care staff. The Office of Health Care Staff Development and Retention has been assigned responsibility for coordinating the implementation of the Action Plan with various organizations within VHS&RA and the Office of Personnel and Labor Relations. It also has direct responsibility or a major support role in accomplishing a number of these actions. Examples are:

Evaluating the findings and recommendations of the Task Force on Nurse Pay and developing specific proposals for changing nurse compensation practices and policies.

Determining appropriate sources for funding for various components of VA's new recruitment advertising campaign.

Identifying high stress work settings in VHS&RA facilities and disseminating information regarding management efforts to avoid employee burnout.

Assessing proposals to address the shortage of health care workers, e.g., the creation of new categories of health care workers and retraining unemployed workers.

One aspect of assessing the effectiveness of the Office of Health Care Staff Development and Retention will be to evaluate the extent to which that Office has accomplished the Action Plan tasks for which it has responsibility.

B. The Office will be asked to provide a report of its accomplishments since it became operational. The report will be evaluated against the Action Plan and will provide the basis for an assessment by representatives of VHS&RA and the Office of Personnel and Labor Relations of the effectiveness of the Office.

4. In response to question 8, you stated that, in the wake of the Colorado Nurses decision, VA has continued to "live up to existing labor management agreements" as to "non-clinical/professional matters." Please indicate what matters you believe fall within the category of non-clinical/professional matters.

RESPONSE: In general, non-clinical/professional matters, at a minimum, include those concerning the "institutional rights" of recognized unions. For example, dues withholding, official time for representation, representation at formal discussions, representation of employees (when requested) during questioning, data/information necessary for the unions to meet their representational responsibilities, and limited grievance/arbitration procedures.

Matters excluded are those related to direct patient care and the peer review process such as appointments, proficiency ratings, advancements, competency reviews, administering medications, assignment of work, clinical privileges and licensure requirements.

5. In response to question 10 you stated that " . . . Blacks and Asian Americans in VA's workforce is more than double their representation in the civilian labor force" and that women "are found in a wide range of occupations and in managerial and executive level positions."

A. Please provide specific information on the representation of blacks, Asian Americans, and women in positions at GS-13 and above and in Assistant Secretary, Deputy Assistant Secretary, non-career SES and schedule C positions in the Department.

B. What mobility programs would you implement to increase the representation of such individuals in top level positions?

RESPONSE: A. See attached chart.

B. VA has a number of career entry, managerial and executive level development programs. While a number of minorities and women have moved into key management positions through these programs, it appears that more concerted efforts are needed in some areas to enhance opportunities for these individuals. If confirmed, I plan to have the Deputy Assistant Secretary for Equal Opportunity and the Deputy Assistant Secretary for Personnel and Labor Relations review the existing programs with appropriate program officials to identify any barriers which may exist to the advancement of qualified minorities and women and to develop additional strategies which would yield improved results in this area. These activities have been the subject of several discussions in recent weeks.

A.

The chart below profiles the requested minority representation statistics:

	DEPARTMENT TOTAL	BLACKS	ASIAN AMERICAN	WOMEN	HISPANICS
GS-13 thru 15	6,694	427	177	1,174	124
SES	306	17	0	22	6
ASSISTANT SECRETARIES	6	0	0	0	0
DEPUTY ASSISTANT SECRETARIES 1/	16	1	0	2	2
NON-CAREER SES 2/	9	0	0	6	1
SCHEDULE C	8	1	0	4	0

1/ The Department total reflects number of established DAS positions. Thirteen of these are currently filled, two selectees have been approved but not yet appointed, and one position is vacant. Four of these are serving on non-career SES appointments and are also included in the following category.

2/ The Department total does not include the 6 Assistant Secretary Designees and the designee for Director, National Cemetery System. These individuals currently occupy limited term SES positions. The total includes three limited SES appointments.

NOTE: Statistics on minority representation in the SES are maintained by OPM. Figures above are from an OPM report dated 6-30-89. General Schedule 13-15 statistics are from VA data base of 9-30-88 and do not include Title 38 employees.

Department of
Veterans Affairs

NOV 13 1989

In Reply Refer To

The Honorable Alan Cranston
Chairman, Committee on Veterans' Affairs
United States Senate
Russell Senate Office Building, Room 414
Washington, DC 20510

Dear Mr. Chairman:

Enclosed are my answers to your questions asked during the hearing on November 9, 1989.

If I can be of further assistance or provide any additional information, please let me know.

Sincerely yours,

Edward G. Lewis

Edward G. Lewis
Assistant Secretary for Information
Resources Management - Designate

Enclosures

1. A. Do you have any plans to consolidate line responsibility in your office for the information function operations of V.H.S. & R.A., V.B.A., and N.C.S., or the Staff Offices? (Answer provided during my testimony on November 9, 1989).

B. (If "No") You apparently have not articulated this clearly to the Chief Medical Director, the Chief Benefits Director, the Director of the National Cemetery System, and their career employees as well as to the other Assistant Secretaries. Can you think about this further and give me a plan for how you will seek to communicate this point within the Department with maximum effectiveness?

Answer:

The following actions will be taken to communicate throughout the Department my answer to question #1B:

- o Provide information on Q/A during staff meeting for IRM personnel (DAS/IRM) on November 13, 1989.
- o Provide information on Q/A during the Secretary's weekly staff meeting on November 14, 1989.
- o Provide information on Q/A during Top Managers' meeting on December 1, 1989.
- o Provide information on Q/A in VA Weekly Highlights Report.
- o Provide copy of November 9 testimony to each Administration and Staff Offices.

2. Do you share my view that, in essence, your role and that of your staff is to "serve the Customer," that is to assist the line Departments who carry out V.A.'s mission, by facilitating the effectiveness of their A.D.P. operations in meeting their needs? (Answer provided during my testimony on November 9, 1989).

3. Do you share my view that generally the closer the operational control of A.D.P. and information systems is to the user, the better? (Answer provided during my testimony on November 9, 1989).

4. In summary, then, do you share my view that your role is to facilitate, cooperate, coordinate, and oversee I.R.M. activities and not to run them? (Answer provided during my testimony on November 9, 1989).

5. Could you also present to me your plan for how you can effectively communicate throughout the Department your responses to the last 3 questions?

Answer:

I will convey the information pertaining to questions #2, #3, and #4 and my respective answers to the rest of the Department according to the same plan outlined in my answer to question #1B.

6. Against the background of these questions and your answers, I reiterate that I do not believe the functional statement is accurate, the Paperwork Reduction Act notwithstanding, in assigning the I.R.M. Assistant Secretary responsibility for "the policy-level management of all activities related to V.A.'s Information Resources Management Program." Would you revisit this matter with the Secretary and Deputy Secretary again and advise me as to whether this misleading description can and will be revised and, if so, how?

Answer:

I have recommended to the Deputy Secretary that the words "policy-level management," be deleted from paragraph two of the Function Statement.

The Secretary of Veterans Affairs has indicated that he would be happy to personally discuss this issue with the Chairman of the Senate Veterans Affairs Committee.

7. In regard to the V.H.S. & R.A. and V.B.A. Automated Management Information Exchange Project, would you please submit for the record whether the anticipated F.Y. 90 funds to be allocated internally for this project will provide for the additional workstations needed in the Regional Offices, as well as Telecommunications support, user training, and documentation?

Answer:

I will be happy to submit for the record information pertaining to the internal reallocation of FY 1990 VBA funds in support of the AMIE project. This information will be provided as soon as VBA has had the opportunity to evaluate the full impact of sequestration on VBA's ADP budget and subsequent allocation of funds to ADP initiatives. It is anticipated that this evaluation will be completed by the end of November.